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Calendar No. 354

105TH CONGRESS, 2d Session | SENATE | REPORT 105–181

HIGHER EDUCATION ACT AMENDMENTS OF 1998

R E P O R T

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES

TOGETHER WITH

ADDITIONAL VIEWS

TO ACCOMPANY

S. 1882

MAY 4, 1998.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE
48–154 WASHINGTON : 1998

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MAY 4, 1998.—Ordered to be printed

Mr. JEFFORDS, from the Committee on Labor and Human Resources, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 1882]

The Committee on Labor and Human Resources, to which was referred the bill (S. 1882) to reauthorize the Higher Education Act of 1965, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

I. PURPOSE AND SUMMARY

Purpose

It is the purpose of S. 1882 to reauthorize programs under the Higher Education Act of 1965 for the next 5 years. The Higher Education Act (HEA) includes the major student financial aid programs offering grant, loan, and work assistance to students pursuing postsecondary education. These aid programs include Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Family Education Loans, Direct Loans, Perkins Loans, and College Work-Study. Other components of the HEA support institutional aid, early intervention, teacher preparation and training, international education, graduate fellowship programs, and special projects for postsecondary improvement.

The primary objectives of this reauthorization bill are to: (1) maintain the historic focus of the act on enhancing student opportunities to pursue postsecondary education; (2) develop a coherent and comprehensive program designed to promote excellence in the

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teaching profession so that teachers will be able to prepare our elementary and secondary students to meet the standards we need and expect; (3) to maintain program integrity by preserving the safeguards that have led to dramatic reductions in loan default rates since the 1992 reauthorization; (4) to improve the management of student financial aid programs, to improve the quality of service to students, and to make more effective use of technology in program delivery; (5) to assure that both the guaranteed and the direct loan programs are able to operate efficiently so that students and institutions can benefit from a competitive environment; and (6) to streamline the act by eliminating unfunded or obsolete provisions, by consolidating overlapping activities, and by eliminating unnecessary regulatory requirements.

Summary

HIGHER EDUCATION ACT AMENDMENTS OF 1998

Sponsors: Senators Jeffords, Kennedy, Coats, Dodd, Collins, and DeWine

TITLE I: GENERAL PROVISIONS

Current title 1—Partnerships for Educational Excellence—is repealed, as programs authorized under the title have not been funded.

General Provisions, now included in title XII, are transferred to title I.

Obsolete/unfunded sections of title XII are repealed, including: Commission to Study Postsecondary Institutional and Programmatic Recognition Process (section 1206), Aggregate Limit of Authorization of Appropriations (section 1211), and Technology Transfer Centers (section 1212).

The provisions of Federal-State Relationships; State Agreements (section 1203) are transferred to subpart 4 of part A (Leveraging Educational Assistance Partnership Program).

Language is added to require the Secretary to publish the expiration dates of terms of members of the National Advisory Committee on Institutional Quality and Integrity and to solicit nominations for vacancies on the committee.

Provisions are also added to title I to preserve prior rights and obligations for facility projects under the current title VII (Construction, Reconstruction, and Renovation of Academic Facilities).

TITLE II: IMPROVING TEACHER QUALITY

The teacher education provisions from the current title V are moved to title II. All unfunded programs are repealed and replaced with a comprehensive program in part A.

Part A—Teacher quality

The purpose of part A is to improve student achievement, to improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities and to hold institutions of higher education accountable for preparing teachers who have necessary teaching skills and are highly competent in the academic content

areas in which they plan to teach, including training in the effective use of technology in the classroom. The proposal provides a "top-down" and "bottom-up" approach for improving teacher quality.

First, States are eligible to compete for Teacher Quality Enhancement Grants to institute State-level reforms to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which they are assigned to teach. In addition, Teacher Training Partnership Grants are made to local partnerships comprised of academic programs and education programs at institutions of higher education, local education agencies, K–12 schools, State education agencies, pre-K programs, nonprofit groups, businesses and teacher organizations. Partnerships are eligible to receive a "one-time-only" grant to encourage reform and improvement at the local level.

The proposal includes strong accountability measures for both State enhancement and local partnership grants. Grant recipients receiving assistance under this title continue to receive support after the second year of the grant only if they demonstrate that they are making substantial progress in meeting such goals as improving student achievement, increasing the passage rate of teachers for initial State licensure or certification (in States that have such exams), and increasing the classes taken in core academic subject areas. This part is authorized at $300 million for fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding fiscal years, with 50 percent of the funds available for Teacher Quality Enhancement Grants and 50 percent for Teacher Training Partnership Grants.

Part B—Recruiting new teachers for underserved areas

The purpose of part B is to increase the number of students, especially minority students, who complete high-quality teacher preparation programs. The part B provisions replace the Minority Teacher Recruitment provision formerly authorized in Title V of the Higher Education Act.

This part authorizes the Secretary to award 5-year competitive grants to partnership between institutions of higher education and school districts in underserved urban and rural areas. Together, the partners determine the needs of high-poverty schools in their communities, such as the need for diverse faculties or for teachers in particular subject areas. Having completed this needs assessment, the partners identify a pool of potential teachers fitting those needs, recruit individuals from the pool, and design high quality preparation and induction programs tailored to those individuals. The needs of the respective partnerships determines the recruitment focus. Special consideration is given to applications from minority-serving institutions and to applications most likely to result in an increase in the numbers of minority teachers.

The program is authorized to support scholarships for potential teachers. Applicants determine the funding level and number of scholarships to meet the needs of their students. Individuals recruited into this program are required to teach for at least 3 years in an underserved school district, defined by the poverty level. Grantees are required to match the Federal share of the costs of

the program on an increasing basis in an effort to ensure that the program activities continue after Federal funding ends. This part is authorized at $37 million for fiscal year 1999 and such sums as may be necessary for the succeeding 4 fiscal years.

TITLE III: INSTITUTIONAL DEVELOPMENT

Part A—Strengthening institutions

Encourages institutions to improve their technological capacity and make effective use of technology.

Allows institutions to use up to 20 percent of their awards to establish or expand an endowment fund.

Requires a 2-year wait out period between the receipt of consecutive grants.

Authorizes $135 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Amends the current act to establish a new program to provide grants to strengthen the capacity of Tribal Colleges and Universities to serve Indian students, and authorizes $5 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years for that purpose.

Part B—Historically black colleges and universities

Allows institutions to use up to 20 percent of their awards to establish or expand an endowment fund under the terms and conditions of part C.

Authorizes $135 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Section 326—Professional or graduate institutions

Clarifies that eligible institutions must match only those funds received in excess of $500,000.

Provides eligible institutions with multiple eligible graduate programs the flexibility to spend section 326 funds on any qualified graduate program.

Authorizes $30 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part C—Endowment challenge funds for institutions eligible for assistance under part A or part B

Authorizes $10 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part E—Historically black college and university capital financing

The Historically Black College and University Capital Financing program is moved from the current title VII, part B.

Expands the definition of capital project to include administrative facilities, student centers, and student unions.

Clarifies that the Secretary may sell qualified bonds guaranteed under this provision to any party that the Secretary determines offers the best terms.

Authorizes $110,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part F—Minority Science and Engineering Improvement Program

The Minority Science and Engineering Improvement Program is moved from the current title X, part B.

The definition of science is modified to include behavioral sciences.

Authorizes $10 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

TITLE IV: STUDENT ASSISTANCE

Part A, subpart 1—Pell grants

Changes the name of the program from Basic Education Opportunities Grants to the Federal Pell Grant program.

Allows for the Department, after allowing for a formal comment period, to institute an accurate and timely payment process replacing the mandatory 85 percent advance funding to institutions.

Updates and increases the authorized maximum grant levels to $5,000 for academic year 1999–2000, $5,200 for academic year 2000–2001, $5,400 for academic year 2001–2002, $5,600 for academic year 2002–2003, and $5,800 for academic year 2003–2004.

Increases allowances for dependent child care expenses by making provision in this section consistent with the related provisions in part F—Need Analysis.

Eliminates the minimum step function for the minimum Pell Grant by setting the Pell minimum at $200.

Directs the Secretary to develop regulations to implement his discretion to allow, on a case-by-case basis, a student to receive two Pell Grants during a single award year.

Places a time limit on the period during which students may receive a Federal Pell Grant equal to 150 percent of the period normally required to complete a course of study, unless the institution extends that period as an accommodation to a disabled student.

Tightens eligibility for English as a Second Language "stand alone" programs to only those that require an independent proficiency test upon completion and have a minimum percentage with passing scores as designated by the Secretary.

Part A, subpart 2, chapter I—Early outreach, Federal TRIO programs

Increases the minimum grant level for TRIO programs to ensure comprehensive services remain available to students.

Permits TRIO directors to administer more than one program for disadvantaged students.

Expands authorized activities in the Talent Search Program to include activities designed to acquaint youth with careers in which individuals from disadvantaged backgrounds are underrepresented.

Expands authorized activities in Upward Bound to include summer work study and permits higher stipends for those Upward Bound students participating in summer work study positions.

Requires the Secretary to consider the institution's efforts to provide sufficient financial assistance to meet a student's full financial need when awarding Student Support Services grants to institutions.

Reserves up to 2 percent of TRIO funds for Evaluation and Dissemination/Partnership grants. The new Dissemination/Partnership provision would encourage partnerships between TRIO programs and other institutions, community based organizations or both offering programs or activities serving at-risk students to provide technical assistance and disseminate program best practices.

Authorizes $700 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part A, subpart 2, chapter 2—National Early Intervention Scholarship and Partnership Program

Reauthorizes the program with no changes.

Authorizes $200 million for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years.

Part A, subpart 3—Federal supplemental education opportunity grants

Replaces the requirement that 5 percent of an institution's SEOG allotment be awarded to less-than-full-time or independent students if their financial need exceeds 5 percent of institution's total need with a requirement that a reasonable proportion of the allocation be awarded to such students.

Provides institutions with the authority to carry-back and carry-forward 10 percent of the institution's SEOG funds. Requires funds not awarded in a fiscal year or carried forward or back to be returned to the Secretary for reallocation.

Authorizes $700 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part A, subpart 4—Leveraging Educational Assistance Partnership Program

Incorporates, with modifications, a proposal (S. 1644) introduced by Senators Reed and Collins to strengthen the Grants to States for State Student Incentives (SSIG) program and to rename the program the Leveraging Educational Assistance Partnership Program (LEAP).

Authorizes reserved funds in excess of $35 million to be used for a special partnership grant program that requires additional State matching and authorizes additional activities.

Authorizes $105 million for fiscal year 1999 and such sums as may be necessary for the 4 succeeding years.

Part A, subpart 5—Special programs for students whose families are engaged in migrant education

Reauthorizes the current programs with no changes.

Authorizes the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP) at $25 million and $10 million, respectively, in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part A, subpart 6—Robert C. Byrd Honors Scholarship Program

Reauthorizes the program with no changes.

Authorizes $45 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part A, subpart 7—Child care access means parents in school (CAMPUS)

Incorporates, with modifications, a proposal (S. 1151) introduced by Senators Dodd and Snowe, which authorizes the Secretary to award grants of not less than $10,000 for a 3-year period to institutions of higher education with Pell Grant awards in the preceding fiscal year that equal or exceed $350,000 to support or establish campus-based child care for Pell Grant eligible, low-income students enrolled at the institution.

Authorizes $60 million in fiscal year 1999 and such sums as may be necessary in each of the succeeding 4 years.

Part B and D—Federal Family Education Loan Program and the William D. Ford Federal Direct Loan Program

Requires nonstate designated guarantors to have the capacity to respond to electronic inquiries.

Clarifies that, for the purpose of calculating cohort default rates, loans that are successfully challenged on the basis of improper servicing will be removed from both the numerator and the denominator.

Clarifies that the representative sample of loan servicing and collection records that will be made available to a school that is appealing its cohort default rate based upon allegations of improper loan servicing will be those that the guaranty agency used in making the determination whether to pay an insurance claim to the lender.

Requires institutions that unsuccessfully appeal high cohort default rates and that choose to receive loans during the appeal process be held liable for loans made during the appeal process and to post surety in an amount sufficient to cover these costs.

Allows institutions with a student loan participation rate index of .0375 or lower to be exempted from sanctions related to high institutional cohort default rates.

Limits the current exemption from cohort default rate sanctions available to HBCU's, TCCC's, and Navajo Community Colleges and requires the institutions to work with the Secretary to reduce their cohort default rates below 25 percent.

Reduces paperwork for institutions by only requiring them to transmit information to lenders that is needed by the lenders for originating and servicing the loan.

Eliminates 30-day disbursement delay for first time undergraduate borrowers at institutions with cohort default rates of 5 percent or less.

Eliminates multiple disbursement requirements for fourth and fifth year undergraduate students attending institutions with cohort default rates of 5 percent or less who will receive a loan to complete their degrees in less than 1 year.

Provides loan forgiveness for teachers, authorizing the Secretary to repay loans made under parts B and D. Program eligibility extends to new borrowers who become employed as a full-time teacher for 3 consecutive, complete school years in a high-poverty school. To participate in this program, elementary school teachers must demonstrate through certification or licensure requirements knowledge and teaching skills in reading, writing, mathematics and

other areas of the elementary school curriculum; and secondary school teachers must be certified as teaching in a subject area that is relevant to the borrower's academic major. Borrowers who meet these criteria are eligible for forgiveness of 30 percent of the total outstanding amount and applicable interest of subsidized loans after the fourth and fifth complete years of teaching in a high-poverty school and 40 percent after the sixth complete year, for a total amount of no more than $10,000 per borrower.

Incorporates, with modifications, a proposal (S. 1029) introduced by Senators DeWine and Wellstone to establish a demonstration program of loan forgiveness for child care providers, authorized at $10 million in fiscal year 1999 and such sums as may be necessary in each of the succeeding 4 years.

Provides extended repayment terms for FFEL borrowers with loans in excess of $30,000 and the option to borrowers to change selected repayment plans.

Exempts low-volume lenders from annual lender audit requirements.

Allows borrowers to request forbearance electronically.

Allows lenders to provide an initial 60-day forbearance period for requests that require additional research. Interest may not be capitalized.

Repeals requirement that States share in costs of guarantying student loans that go into default. (This provision has never been implemented)

Allows the Secretary to specify additional factors that may be considered in determining PLUS loan eligibility.

Allows the Secretary to verify immigration status and social security number of PLUS loan applicants.

Excludes borrowers from whom involuntary payments are secured through litigation or administrative wage garnishment from eligibility for consolidating defaulted loans.

Eliminates the 180-day rule for the packaging of consolidation loans.

Encourages the development and use, free of charge to borrowers, of electronic applications and forms that are approved by the Secretary.

Authorizes the Secretary to develop and implement a multiyear promissory note for parts B and D.

Allows guaranty agencies and lenders to provide required disclosures electronically at the request of the borrower.

Repeals the DC Student Loan Insurance Program—currently served by ASA.

Clarifies the responsibility of program participants for the program compliance of their contractors.

Repeals the requirement that an authority using tax-exempt funding submit a plan for doing business.

Authorizes the Secretary to collect origination and other required loan fees directly from the holder or lender if a lender fails to bill the Secretary or withdraws from the part B program with unpaid fees.

Clarifies that, for purposes of calculating the FFEL program in-school interest subsidy, disbursement means disbursement by the school.

Clarifies the loan limits available to borrowers who are eligible for FFEL and DL loans while taking nondegree course work necessary for enrollment in a degree program or teacher certification.

Deletes obsolete language referring to the 7-month interval of eligibility for unsubsidized Federal Stafford Loans carried over from SLS program and clarifies that annual loan limits are based on the statutorily defined academic year.

Establishes the student loan interest rate at 91-day T-bill plus 1.7 percent in school and 91-day T-bill plus 2.3 percent in repayment. Establishes the rate paid to lenders at 91-day T-bill plus 2.2 percent in-school and 91-day T-bill plus 2.8 percent in repayment.

Clarifies that interest that accrues and is capitalized on unsubsidized Federal Stafford loans during in-school periods is not considered for purposes of computing aggregate loan limits.

Repeals payment to guaranty agencies for lender referral services.

Recalls $200 million in guaranty agency reserve funds.

Creates separate guaranty agency Federal reserve and operating funds.

Clarifies that reserve funds are the sole property of the Federal Government.

Eliminates preclaims and supplemental preclaims assistance and replaces with a new default aversion program. Guaranty agencies will be reimbursed only for those accounts that are brought current.

Restructures guaranty agency reimbursement to more accurately reflect cost structure. Eliminates the administrative expense allowance and replaces with a loan origination fee and a portfolio maintenance fee.

Encourages greater emphasis upon default aversion by reducing reinsurance from 98 percent to 95 percent and by reducing the guaranty agency collection retention amount from 27 percent to 24 percent.

Authorizes the Secretary to enter into voluntary flexible agreements with guaranty agencies in lieu of their agreements under section 428(b) and (c).

Directs the Secretary of Treasury to conduct a study, in consultation with institutions of higher education, lenders, students, and other participants in the student loan programs, of the impact and feasibility of using market-based mechanisms to establish interest rates on student loans.

Authorizes the Secretary to provide repayment incentives to part D borrowers to encourage on-time repayment, provided that such incentives are cost-neutral.

Related student loan provisions in parts G and H

Authorizes the Secretary to verify the incomes of the parents of dependent applicants with the IRS.

Allows the Secretary to pay for data that the Department considers essential to the efficient administration of the programs under title IV.

Allows institutions to participate in one or more programs under part B or part D.

Authorizes the Secretary to allow borrowers under part B to use the Free Application for Federal Student Aid (FAFSA) as their loan application.

Allows institutions to use electronic technology to provide personalized exit counseling to students.

Requires the Secretary to report to Congress on the status of efforts to bring mission critical systems into Year 2000 compliance.

Suspends loan, grant, and work eligibility for students who have been convicted of drug-related offenses.

Part C—Federal Work-Study Programs

Maintains provisions allowing for graduate student participation in the Federal Work-Study (FWS) Program in positions that reinforce the educational program or vocational goals of the student.

Expands the definition of community service to allow for certain types of on-campus jobs to count as community service jobs.

Clarifies that part-time employment under a college work-study agreement may include internships and research assistanceships.

Replaces the requirement that 5 percent of an institution's CWS allotment be awarded to less-than-full-time or independent students if their financial need exceeds 5 percent of the institution's total need with a requirement that a reasonable proportion of the allocation be awarded to such students.

Allows for a higher Federal contribution for community service jobs.

Deletes the requirement that FWS-equivalent institutional employment be available to all students desiring such employment.

Authorizes for the Federal Work Study Program $900 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Expands the activities of work colleges to include a comprehensive, longitudinal study of student academic and career outcomes, career choice and continued community service after graduation, and repayment of student loans.

Authorizes for Work Colleges $7 million for fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Part D—(See parts B and D summary above)

Part E—Federal Perkins loans

Eliminates the Expanded Lending Option (ELO) program and increases annual and aggregate loan limits in Perkins to previous ELO limits.

Allows higher loan limits for students pursuing an education and careers in teaching.

Strengthens the penalties for high default in the Federal Perkins program, including the loss of eligibility to participate in the program (defined as the liquidation of the institution's Perkins fund), for institutions with cohort default rates of 50 percent or greater for 3 years in a row.

Replaces the requirement that 5 percent of an institution's Perkins allotment be awarded to less-than-full-time or independent students if their financial need exceeds 5 percent of the institu-

tion's total need with a requirement that a reasonable proportion of the allocation be awarded to such students.

Eliminates the requirement that institutions establish a default management plan if their defaults are 15 percent or above.

Eliminates the exclusion of improperly serviced loans from the calculation of cohort default rates.

Defines default for a borrower in the Federal Perkins loan program.

Establishes a loan rehabilitation program for borrowers in default in the Federal Perkins loan program.

Requires credit bureaus to report defaulted Perkins loans until a loan is repaid in full and allows the Secretary to establish criteria under which an institution may cease reporting such information before a loan is paid in full. Clarifies the institution's role in reporting to credit bureaus and the information it is required to report.

Includes discharge provisions for Federal Perkins loans in cases where an institution closes and the enrolled borrower is unable to complete the program of study.

Creates an incentive repayment plan in the Federal Perkins loan program.

Updates dates for the mandatory liquidation of Perkins loans funds.

Repeals the Federal Perkins Revolving Fund.

Authorizes $250 million for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years.

Related Federal Perkins loan provisions in part G

Strengthens the language that includes Perkins loans in the Student Status Confirmation Report process.

Part F—Need analysis

Adopts increases in the income protection allowances (IPA) for dependent and independent students.

Indexes IPA changes for inflation.

Adds a dependent student offset in the amount of the negative adjusted parental income available.

Authorizes adjustments to a dependent student's contribution for an enrollment period of less than 9 months.

Moves authority to reduce loan amount or deny certification of loan eligibility from part B to the section entitled "Discretion of Student Financial Aid Administrators."

Removes the requirement that Cost of Attendance include a cost-of-living minimum amount for all populations.

Part G—General provisions

Requires the Department, to the extent feasible, to publish minimal software and hardware requirements by December 1 prior to the start of an award year.

Moves from December 1 to November 1 the deadline by which the Secretary must publish regulations affecting Federal student assistance programs in order for those regulations to be applicable to the following award year and authorizes the Secretary to des-

ignate regulatory provisions that institutions may choose to implement before the effective date that would otherwise apply.

Clarifies the eligibility of home-school graduates for title IV assistance.

Requires the verification of IRS return information.

Suspends eligibility of students convicted of any Federal or State law related to possession or sales of controlled substances from title IV grant, loan, and work programs.

Removes the reference to accrediting agency approved refund policies from the list of policies to be compared to determine which produces the largest amount.

Revises methods for determining the "last day of attendance" for purposes of making pro-rata refund calculations.

Clarifies that institutions may provide students and prospective students with a list of information and a statement of the procedures required to obtain it in order to comply with information dissemination requirements.

Defines "prospective student" as one who has requested information regarding application for admission to an institution.

Clarifies that the provision of comparable data by a national collegiate athletic association satisfies the disclosure requirement regarding athletically related student aid to a prospective student athlete's guidance counselor and coach.

Eliminates duplicative athletic reporting provisions.

Adds a provision to athletic reporting provisions regarding disclosure when institutions intend to reduce the number of athletes who will be permitted to participate in any collegiate sport or in the financial resources that the institution will make available to that sport.

Requires the Secretary, by April 1 of each year, to compile a report that summarizes information reported by institutions regarding intercollegiate athletics, identifies trends in the information, and aggregates the information by divisions of the National Collegiate Athletic Association. The Secretary is to make the report available on the Internet and to notify all secondary schools regarding the availability of this intercollegiate athletics information.

Revises and expands the list of crimes that must be included in campus crime statistics to include arson and hate crimes; requires institutions to maintain an open daily log that records the nature, date, time and general location of each crime reported to the local police or campus security; makes explicit that neither victims nor persons accused of a crime may be identified in the reporting of campus crime statistics, except as required by State or local laws; requires a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault; and exclude criminal activities from a postsecondary student's educational records. Authorizes $1 million for fiscal year 1999 to carry out the national study.

Repeals section 486, "Training in Financial Aid Services," which has not been funded.

Requires the National Center for Education Statistics (NCES) to develop standard definitions for a few basic financial items to help families make decisions about college; require institutions to report these items annually; and makes the information available to the

public. In addition, requires NCES, in consultation with the Bureau of Labor Statistics, to examine expenditures at institutions of higher education and to develop a "Higher Education Market Basket" Authorizes the Secretary to assess a $25,000 fine against institutions failing to report cost data properly.

Clarifies that only for-profit institutions have "owners."

Expands the categories of activities for which institutions participating in the Quality Assurance Program develop their own management approaches and clarifies that the Secretary may waive regulatory—but not statutory—requirements of title IV that are addressed by the institution"s alternative management system.

Requires the Secretary to report to Congress regarding the results of experiments conducted under the current experimental sites authority and make recommendations based on those findings regarding amendments to the Higher Education Act that would improve the operation of the act. Addition of new experiments will not be permitted until this report is provided to Congress and until the appropriate congressional committees have been consulted.

Authorizes a demonstration program permitting the Secretary to select up to five institutions of higher education or consortia for which specified statutory restrictions in part F and part G may be waived. Any regulatory requirement that inhibits distance education may be waived as well for participants in the demonstration. Participants will be monitored and evaluated by the Secretary, who is also directed to identify any statutory and regulatory requirements that impede the expansion of quality distance education programs. Requires an independent review of distance education by the National Academy of Sciences, for which up to $1 million will be made available.

Reauthorizes the Advisory Committee on Student Financial Assistance and increases the minimum level of funding to $800,000. Directs the committee to conduct studies and evaluations of the modernization of student financial aid systems and delivery processes, the use of appropriate technology in delivery and management of student aid, the implications of distance learning on student financial aid eligibility, and other issues. In addition, requires the committee to make recommendations to the Secretary regarding redundant or outdated sections of the act and regulation to assist in the review of those sections.

Continues negotiated rulemaking and adds part D to the parts (B, G, & H), which were subject to negotiated rulemaking following the 1992 reauthorization. In addition, negotiated rulemaking will be required for developing all regulations for student loan programs.

Part H—Program integrity triad

Subpart 1—State role

State Postsecondary Review Entity (SPRE) provisions are repealed.

SPRE provisions are replaced with language that defines State responsibilities as being licensure and notification to the Secretary of revocation of license or evidence of institutional fraud. Requires institutions to prove they have authority to operate in a State.

Subpart 2—Accrediting agency recognition

Substitutes the word "recognition" for "approval" each time it appears in subpart 2. Substitutes "criteria" for "standards," consistent with current regulations.

Adds language stating that the courses or programs considered by an accrediting agency in assessing their quality may include the institution's distance education courses or programs. In addition, the bill provides that, when the Secretary determines the scope of recognition of an accrediting agency whose members offer distance education, the scope shall include the distance education courses or programs.

Modifies provisions relating to accrediting agency assessment of institutions to delete "in clock hours or credit hours" relating to measure of program length and to clarify that accrediting agencies are not expected to enforce compliance with title IV.

Strengthens statutory requirements relating to the time frame within which an accrediting agency must come into compliance after the Secretary has determined the agency has not met the requirements of section 496.

Subpart 3—Eligibility and certification procedures

Requires that an institution maintain a copy of any contract between the institution and a financial aid service provider or loan servicers, and provide a copy of any such contract to the Secretary upon request, instead of requiring that the institution supply the copy with its application to participate in the student aid programs under title IV (as is currently the case).

Substitutes more general language for the specific listing of financial responsibility measures now included in the act in order to conform with current financial responsibility regulations.

Specifies that the Secretary may accept any reasonable third-party financial guarantees in cases where an institution fails to meet overall financial responsibility standards.

Specifies that "ownership" applies only to for-profit institutions.

Eliminates the requirement that the Department conduct site visits of all institutions and eliminates the ability of the Department to charge fees to cover the expenses of certification and site visits.

Gives the Secretary the authority to recertify an institution for up to 6 years (rather than the 4 years in current law) and requires the Secretary to inform an institution 6 months in advance of the expiration of its eligibility.

Establishes a special rule dealing with the recertification schedule for institutions of higher education located outside of the United States that receive less than $500,000 annually in Federal Family Education Loans.

Clarifies that, prior to seeking certification as a main campus or free-standing institution, a branch is required to be in existence for at least 2 years after it has been certified by the Secretary as a branch campus participating in a title IV program.

Requires the Secretary to establish priorities for program reviews of institutions of higher education, update priority criteria, and include among the additional categories of institutions that the Secretary may identify as requiring priority review those that may

pose significant risk of failure to comply with the administrative or financial responsibility provisions of title IV.

Adds special administrative rules to: (1) require the Secretary to inform institutions of the criteria involved in program reviews; (2) require the Secretary to implement a system of "cures" to allow institutions to correct minor record-keeping errors; (3) require "proportionality" in civil penalties; and (4) facilitate the exchange of information between the Secretary and State authorizing agencies and creditors.

Requires the Secretary to establish processes for ensuring that eligibility and compliance issues are considered simultaneously and for identifying unnecessary duplication of reporting and related regulatory requirements.

Part I—Performance-based organization

Establishes a performance-based organization within the Department of Education for the purpose of simplifying and improving the delivery of student financial aid under this title. The Secretary of Education will be provided with personnel and procurement flexibilities in order to allow for the establishment of an organization rewarded for meeting specified contractual goals for the management and delivery of student financial aid. Personnel will be rewarded in accordance with their ability to meet objective performance measures. Proposed personnel and procurement flexibilities include: alternative job evaluation systems, ability to establish award programs, broad banding, alternative ranking procedures for evaluating job applicants, ability to hire technical and professional employees under excepted service, simplified contracting procedures for commercial items, modular contracting authority, and 2-way selection procedures.

TITLE V: GRADUATE AND POSTSECONDARY EDUCATION IMPROVEMENT

Part A—Jacob K. Javits Fellowship Program

Maintains a separate Jacob K. Javits Fellowship Program, permits forward funding of it, and permits the Secretary to contract out administration of the program if such a contract would be more effective and efficient.

Limits eligibility to students who demonstrate financial need and bases student awards on title IV needs analysis.

Requires the Secretary to make fellowship applications available no later than October 1 of each year and notify recipients of their awards no later than March 1 of the following year.

Increases the authorization of institutional payments to $10,000 in fiscal year 1999–2000 and adjusts it for inflation each year thereafter.

Authorizes $30 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Parts B—Graduate assistance in areas of national need

Maintains the Graduate Assistance in Areas of National Need (GAANN) program, with minor amendments.

Limits eligibility to students who demonstrate financial need and bases student awards on title IV needs analysis.

Requires the Secretary to consult with the National Science Foundation, the National Academy of Sciences, and other appropriate Federal and nonprofit agencies and organizations to designate areas of national need.

Requires the Secretary to consider an assessment of how a program may achieve the most significant impact with available resources in determining areas of national need.

Allows departments receiving GAANN awards to make their 25 percent matching contribution in cash or in kind.

Requires academic departments submitting GAANN applications to describe the number, types, and amounts of the fellowships that the applicant intends to offer under the grant.

Increases the authorization of institutional payments to $10,000 in fiscal year 1999–2000 and adjusts it for inflation each year thereafter.

Authorizes $30 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

General provisions applying to both Javits and GAANN (Part G)

Adds an evaluation component.

Requires the Secretary to coordinate these graduate programs with other Federal programs to minimize duplication and improve efficiency of program administration.

Removes the prohibition for students attending schools of divinity from competing for graduate fellowships, but prohibits institutional payments or allowances to a school or department of divinity as a result of the award of a fellowship to an individual who is studying for a religious vocation.

Requires the Secretary to fund authorized continuation awards before granting new fellowships.

Part C—Urban community service

Urban Community Service is moved from current title XI, part A.

Funding priority is given to applicants who have shown prior commitment to urban community service.

Authorizes $20 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part D—Fund for the improvement of postsecondary education (FIPSE)

FIPSE is moved from current title X, part A.

Permits greater flexibility within current personnel ceilings to bring in technical experts.

Revises special projects list to include: international exchanges; institutional restructuring to improve learning and promote cost efficiencies; evaluation and dissemination of model programs; and articulation between 2-year and 4-year institutions, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions.

Authorization:

FIPSE General: $26 million in fiscal year 1999 and "such sums" in 4 succeeding years.

Planning Grants: $ 1 million in fiscal year 1999 and "such sums" in 4 succeeding years.

Special Projects: $ 5 million in fiscal year 1999 and "such sums" in 4 succeeding years.

Part E—Improving access to higher education for students with disabilities

This part establishes a new competitive grant program to provide assistance to support the development of model programs to provide technical assistance or training and professional development for faculty and administrators in institutions of higher education, to provide the faculty and administrators with the skills to teach effectively students with disabilities, and to ensure effective evaluation and dissemination of such model programs. Grants would be awarded for periods of 3 years. Model programs developed under this part must be developed for a range of types and sizes of institutions of higher education. The Secretary is required to consider providing an equitable geographic distribution of grants to rural and urban areas. The Secretary may award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities in order to disseminate those programs. Nothing in this part shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on its faculty or staff, beyond the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990. The program is authorized for $10 million in fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding fiscal years.

Part F—Hispanic-serving institutions

Simplifies the definition of a Hispanic-serving Institution.

Allows institutions to use up to 20 percent of their awards to establish or expand an endowment fund.

Encourages institutions to collaborate with community-based organizations on projects that seek to reduce drop-out rates, improve academic achievement, and increase enrollment in higher education.

Repeals the funding trigger that requires that funding for title III, part A grants exceed $80 million before any funds may be provided for grants under the current section 316.

Authorizes $45 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

TITLE VI: INTERNATIONAL EDUCATION

Unfunded and obsolete provisions are repealed, including: the doctoral stipend program under Foreign Language and Area Studies Fellowships; Grants to Strengthen Programs of Demonstrated Excellence in Undergraduate International Studies and Foreign Language Programs; Intensive Summer Language Institutes; Periodicals and Other Research Materials Published Outside the United States; and Preservation of Pre-1992 Programs.

Part A—International and foreign language studies

A finding is added that emphasizes the need to build national capacity in international education and foreign languages.

A foreign language component is added to the summer institutes authorized under Graduate and Undergraduate Language and Area Centers and the Undergraduate International Studies and Foreign Language Programs.

Language Resource Centers are modified to permit the operation of intensive summer language institutes, to permit the development and dissemination of resource materials for elementary and secondary school language teachers, and to make dissemination a component of each Center activity.

Combines into a single authority the existing separate grant authorities under Undergraduate International Studies and Foreign Language Programs for the creation of undergraduate international studies and foreign language programs and for the strengthening of such programs already in existence. Key provisions of both programs are included in the unified authority. The development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary institutions to enhance international knowledge is authorized as a new activity. New grant conditions are also established to assure that extensive planning is conducted in advance of the submission of a grant application, that faculty and administrators of all relevant departments and programs are involved in ongoing collaboration, that students a participating institutions will have equal access to programs supported with grant funds, and that Federal funds will be used to supplement and not supplant institutional funds and activities provided prior to the receipt of the grant.

Two new Research and Studies activities are added to provide for evaluations of programs receiving assistance under title VI and of effective dissemination practices.

Clarifies that the establishment of new American Overseas Research Centers is an allowable activity.

Part B—Business and international education programs

Provides that Centers for International Business Education shall provide interdisciplinary programs for any degree candidates, as opposed to advanced degree candidates as provided in current law.

A foreign language component is added to the summer institutes.

Programs to develop or enhance international skills, awareness, and expertise may be offered at time most convenient for the business community, rather than being limited to evenings or summers.

Specifically mentions that community college representatives may serve on the advisory council to Centers for International Business Education.

Part C—Institute for international public policy

Increases required match by Minority Foreign Service Professional Development Program grant recipients from one-fourth to one-half, with the nonfederal contribution being made by private sector contributions.

Authorizes the Institute for International Public Policy to make sub-grants to strengthen institutional international affairs programs at HBCU's, HSI's, minority institutions, and Tribal Colleges.

Expands the current Junior Year Abroad program. The program is renamed "Study Abroad" and provides for both Junior year abroad and summer abroad programs, with one-third of the cost borne by the institution and two-thirds by the institute. Students completing their third year of study would be eligible to participate in the summer abroad program.

Authorization Levels:

Part A: $80 million in fiscal year 1999 and "such sums" in succeeding 4 years.

Part B:

Centers for International Business Education and Education—$11 million in fiscal year 1999 and "such sums" in succeeding 4 years.

Education and Training Programs—$7 million in fiscal year 1999 and "such sums" in succeeding 4 years.

Part C: $10 million in fiscal year 1999 and "such sums" in succeeding 4 years.

TITLE VII: RELATED PROGRAMS AND AMENDMENTS TO OTHER LAWS

Part A—Indian Higher Education Programs

Changes reference to "Tribally-Controlled Community College" to "Tribally Controlled College or University" and make conforming and technical changes.

Increases the per-Indian-student authorization to $6,000.

Authorization Levels (Department of the Interior):

Technical Assistance Centers—$3.2 million in fiscal year 1999 and "such sums"

Grants to TCCC's—$40 million in fiscal year 1999 and "such sums"

Renovation/Construction of Facilities—$10 million in fiscal year 1999 and "such sums"

TCCC Endowment Program—$10 million in fiscal year 1999 and "such sums"

Tribal Economic Development—$2 million in fiscal year 1999 and "such sums"

Authorizes $5 million in fiscal year 1999 for the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act.

Part B—Advanced Placement Incentive Program

Advanced Placement Fee Payment Program is moved from title XV, part G, of the Higher Education Amendments of 1992 and is renamed the Advanced Placement Incentive Program.

Modifies program to encourage States to support advanced placement teacher training and related activities designed to increase the participation of low-income individuals and to permit up to 5 percent of funds to disseminate information about the availability of test fee payments.

Authorizes $10 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part C—Amendments to United States Institute of Peace Act

Makes technical changes and reauthorizes at $15 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part D—Community scholarship mobilization

Authorizes a competitive grant program that will allow the grant recipient, using the interest from an endowment grant, to establish and support State or regional program centers to foster the development of local affiliated chapters in high poverty areas that promote higher education goals for students from low-income families by providing academic support and scholarship assistance.

Seventy-percent of interest income would support the establishment or ongoing work of State or regional program centers to enable such centers to work with local communities to establish local affiliated chapters in high poverty areas and provide ongoing assistance, training workshops, and other activities to ensure the success of local chapters.

Thirty-percent of the interest income would be used to provide scholarships for students from low-income families, and scholarships would be matched 1:1 from funds raised by the local community.

Authorizes $10 million for fiscal year 2000 to carry out the purposes of this part.

Part E—Incarcerated youth offenders

Incarcerated Youth Offenders program is moved from the current title X, part E.

Authorizes $14 million in fiscal year 1999 such sums as may be necessary for each of the 4 succeeding years.

Part F—Amendments to Education of the Deaf Act

Updates references to IDEA. Includes technical and conforming amendments to make the provisions pertaining to Gallaudet's Kendall Elementary School and the Model Secondary School for the Deaf consistent with the 1997 IDEA.

Extension of authorization of appropriations. Extends authorization of appropriations such sums as may be necessary for fiscal year 1998 and each of the 4 succeeding fiscal years.

Clarification of audit requirements. Clarifies that audits include the national mission and school operations of the elementary and secondary education programs at Gallaudet University; and adds a requirement that a copy of each audit be provided to the Secretary within 15 days of the acceptance of the audit by Gallaudet University or the institution authorized to establish and operate the National Technical Institute for the Deaf.

Removal of restrictions on investment of nonfederal portion of endowment. Allows institutions to invest the non-Federal share of their endowments without the restrictions placed on Federal contributions to the endowments.

Immediate access to interest on endowment. Allows the institutions to withdraw or expend not more than 50 percent of the income generated from their Federal endowment funds from the current fiscal year.

Limitation with regard to international student enrollment. Requires that, in any school year, no qualified U.S. citizen, who elects to enroll in Gallaudet University or the National Technical Institute for the Deaf, is denied admission because of the admission of an international student.

Institutional Research Plans. Requires Gallaudet University and the National Technical Institute for the Deaf establish and disseminate priorities and prepare and submit an annual research report to the Secretary and Congress.

Commission on education of the deaf. Requires the Secretary of Education to establish a Commission on Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in barriers to successful postsecondary education experiences and employment and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education and employment experiences.

Part G—Repeals

Repeals the unfunded programs included in the Higher Education Act of 1965 and in the Higher Education Amendments of 1992 not repealed elsewhere in S. 1882. A complete list of repeals appears at the end of this summary.

Part H—Miscellaneous

Requires the Secretary to report to the Committee on Labor and Human Resources and to the Committee on Education and the Workforce by March 1, 1999, regarding the Year 2000 computer compliance status of all mission critical systems and contingency plans for any computer systems which cannot be brought into compliance on time.

Provisions repealed by S. 1882

Title I—Partnerships for educational excellence

Part A—School, College, and University Partnerships.

Part B—Articulation Agreements.

Part C—Access and Equity to Education for All Americans Through Telecommunications.

Title II—Academic libraries and information services

Title II was repealed by P.L. 104–208 (fiscal year 1997 Department of Education Appropriations Act)

Title IV—Student assistance

Part A—Grants to Students in Attendance at Institutions of Higher Education.

Chapter 3—Presidential Access Scholarships.

Chapter 4—Model Program Community Partnership and Counseling Grants.

Chapter 5—Public Information/Database and Information Line.

Chapter 6—National Student Savings Demonstration Program.

Chapter 7—Preeligibility Form.

Chapter 8—Technical Assistance for Teachers and Counselors.

Part G—General Provisions Relating to Student Assistance Programs.

(Section 486—Training in Financial Aid Services).

Part H—Program Integrity Triad.

(Subpart 1—State Postsecondary Review Program (SPRE)).

Title V—Educator recruitment, retention, and development

Part A—State and Local Programs for Teacher Excellence.

Part B—National Teacher Academies.

Part C—Teacher Scholarships and Fellowships.

Subpart 1—Paul Douglas Teacher Scholarships.

Subpart 2—Christa McAuliffe Fellowship Program.

Subpart 3—Teacher Corps.

Part D—Innovation and Research.

Subpart 1—National Board for Professional Teaching Standards.

Subpart 3—Class Size Demonstration Grant.

Subpart 4—Middle School Teaching Demonstration Programs.

Part E—Minority Teacher Recruitment.

(Subpart 1—New Teaching Careers).

Part F—Programs for Special Populations.

Subpart 1—National Mini Corps Program.

Subpart 2—Foreign Language Instruction.

Section 586—Demonstration Grants for Critical Language and Area Studies.

Section 587—Development of Foreign Language and Culture Instructional Materials.

Subpart 3—Small State Teaching Initiatives.

Subpart 4—Faculty Development Grants.

Subpart 5—Early Childhood Education Training.

Title VI—International education programs

Section 604(b)—Programs of Demonstrated Excellence in Area Studies, Foreign Languages, and other International Fields.

Section 605—Intensive Summer Language Institutes.

Section 607—Periodicals and Other Research Materials Published Outside the United States.

Title VII—Construction, reconstruction, and renovation of academic facilities

Part A—Improvement of Academic and Library Facilities.

Part D—College Construction Loan Insurance Association.[1]

Title VIII—Cooperative education

Entire title is repealed.

Title IX—Graduate programs

Part A—Grants to Institutions and Consortia To Encourage Women and Minority Participation in Graduate Education.

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[1] The corporation has since been privatized.

Part B—Patricia Roberts Harris Fellowship Program.
Part E—Faculty Development Fellowship Program.
Part F—Assistance for Training in the Legal Profession.
Part G—Law School Clinical Experience.

Title X—Postsecondary improvement programs

Part B—Minority Science and Engineering Improvement Programs.
(Subpart 2—Science and Engineering Access Programs).
Part C—Women and Minorities Science and Engineering Outreach Demonstration Program.
Part D—Dwight D. Eisenhower Leadership Program.

Title XI—Community service programs

Part B—Innovative Projects.
Subpart 1—Innovative Project for Community Service.
Subpart 2—Student Literacy Corps and Student Mentoring Corps.

Title XII—General provisions

Section 1206—Commission to Study Postsecondary Institutional and Programmatic Recognition Process.
Section 1212—Technology Transfer Centers.

Title XIII—Higher education act amendments of 1992

Part E—Tribal Development Student Assistance Revolving Loan Program.
Part F—American Indian Postsecondary Economic Development Scholarship.
Part G—American Indian Teacher Training.

Title XIV—Higher education act amendments of 1992 (studies and commissions)

Part A—Studies by Department of Education.
Part B—National Commission on Independent Higher Education.
Part C—National Commission on the Cost of Higher Education.

Title XV—Higher education act amendments of 1992 (related programs and amendments to other laws)

Part A—National Center for the Workplace.
Part B—National Clearinghouse for Postsecondary Education Materials.
Part C—School-Based Decisionmakers.
Part D—Grants for Sexual Offenses Education.
Part E—Olympic Scholarships.

II. Background and Need for Legislation

Postsecondary education is one of the largest enterprises in the United States. In 1995, almost 16 million people were enrolled in colleges, universities, and noncollegiate postsecondary institutions. An additional 2.85 million people were working on 11,000 campuses—bringing almost 1 in 14 people into the community of higher learning. Each year, enrollments increase, and new institutions are established. More Americans are realizing the economic value

of a college degree and the personal satisfaction of lifelong learning.

Postsecondary education is also a multibillion-dollar-per-year venture. In the 1994–95 academic year, colleges and universities raised almost $190 billion in current-fund revenues: 27 percent from tuition and fees, 38 percent from government, 6 percent from private gifts, 2 percent from endowment income, 23 percent from sales and services, and 4 percent from other sources. These figures are almost 3 times higher in nominal terms than in 1980–81. The cost to students and families of higher education has increased substantially as well, with college costs rising at nearly double the rate of inflation for more than 15 years.

As participation in postsecondary education continues to burgeon and college costs continue to rise, the Higher Education Act remains the single most important legislative initiative supporting students and institutions of higher education. It currently provides $48.5 billion in student financial assistance for 8.5 million students and $216 million for institutional development. In addition, 55 percent of undergraduates received financial assistance under this act in 1995–96. Thirty-one percent received Federal grants, 43 percent received federally-sponsored loans, and 9 percent participated in Federal work-study.

Student opportunity

Expanding student opportunities is a theme reflected throughout the act—most particularly in the grant, loan, and early intervention programs included in title IV. This legislation maintains and strengthens past efforts to increase access, particularly for low-income students, to improve college preparation, and to alleviate problems created by loan indebtedness. In addition, the bill takes a number of steps to begin to address the issue of college costs.

Under S. 1882, students now in school will be assured of receiving a lower interest rate on their loans and will see more of their own earnings protected with respect to the Pell Grant awards they can receive. Students now in high school who aspire to a college education will continue to benefit from early intervention programs, including the National Early Intervention Scholarship Program (NEISP) and TRIO. Students who have graduated and are faced with exceptionally high loan burdens will be able to take advantage of extended repayment options under the guaranteed loan program.

Paying for higher education is a growing concern of American students and their families. Tuition increases have outpaced household income by a 3-to-1 margin since 1980. Over the past 20 years, the average tuition has increased by almost 400 percent at public 4-year institutions, over 440 percent at private 4-year institutions, and over 400 percent at 2-year institutions. One consequence of this has been that students have been forced to borrow more through Federal loan programs since 1990 than was borrowed in the previous 3 decades combined. A recent survey sponsored by the American Council on Education revealed that 69 percent of first-year college students had concerns about their ability to finance their educations. It is not known how many never attend school as a result of these same concerns.

Hearings held by the committee illustrated the challenges facing students who have accumulated significant amounts of debt. As one example, the following account was presented in testimony before the committee:

> Ann and her husband are both graduate students at Michigan Tech, with $20,000 plus in student loans and no savings. By the time Ann and her husband have paid off their loans their son will be ready to enter college. They will be paying off their student loans at a time when they should be saving for retirement and saving for their children's education.

In its February 1998 report, *Straight Talk about College Costs and Prices,* the National Commission on the Cost of Higher Education issued recommendations for controlling the costs of higher education and for improving information for families. Addressing public anxiety regarding how to pay for college, the report notes:

> Each member of this Commission understands this anxiety. . . . We do not take lightly the public concern generated by increases in tuition. Worry about college prices, the difficulty of planning for them, and the amount of debt they entail dominated a discussion group of parents convened by the Commission in Nashville in November 1997. Members of the Commission are equally convinced that if this public concern continues, and if colleges and universities do not take steps to reduce their costs, policymakers at the Federal and State levels will intervene and take up the task for them.

The committee has included numerous commission recommendations throughout this bill. To address the commission's primary recommendation that clear, comparable information related to college costs be made available to the public, the committee has directed that National Center on Educational Statistics to compile and make available such information. Other commission recommendations incorporated in S. 1882 include: investing in higher education; simplifying and improving student financial aid delivery; authorizing postsecondary improvement projects that promote cost efficiencies; providing that every institution be provided a complete copy of U.S. Department of Education Program Review guidelines and procedures; permitting institutions to cure inadvertent errors without penalty; and requiring the Secretary of Education to establish processes for ensuring that eligibility and compliance issues are considered simultaneously and for identifying unnecessary duplication of reporting and related regulatory requirements.

Improving teacher quality

Currently, the Higher Education Act contains a collection of some 15 small teacher training programs. All of these programs have important, but limited, objectives, and only 1 of them is funded. The committee recognizes the key role that teachers play in making it possible for our students to achieve the standards required to assure both their own well-being and the ability of our country to compete internationally. As such, the committee has spent considerable time shaping a proposal that incorporates into a comprehen-

sive program the good ideas represented in the small programs now on the books, along with many other useful suggestions.

The bill takes a 2-pronged approach to helping assure that our Nation's elementary and secondary school teachers will be thoroughly prepared to offer the quality of instruction needed. This approach offers support at both the State level to promote systemwide reforms and at the local level to develop partnerships to enhance the quality of teacher training.

The committee feels strongly regarding the need to break away from "business as usual" practices, to encourage partnerships between institutions of higher education, elementary and secondary schools and business leaders, and to ensure that teachers are prepared to address the needs of students in today's classrooms.

The bill also encourages more students to enter the teaching profession and teach in underserved areas through the expansion of recruitment efforts, the provision of loan forgiveness for FFEL and Direct Loans, and the provision of higher loan limits in the Perkins Loan program for prospective teachers.

Maintaining program integrity

The committee remains committed to assuring the integrity of student financial aid programs—a major focus of the 1992 amendments to the act. The most recent national cohort default rate, 10.4 percent, represents the fifth consecutive year in which default rates have declined. The default rate now stands at half the level it was in the early 1990's.

In addition to preserving the strong and effective measures already included in the act, the committee has taken steps to assure that problems that have occurred in the past are not repeated. In particular, the committee has developed an approach for dealing with the emerging field of distance education that offers room for innovation while providing for a careful evaluation of the implications such programs hold for student financial aid programs prior to making decisions regarding the lifting of current restrictions.

The restrictions now in place were initially designed to curb the abusive practices of a number of correspondence schools. Provisions of the act state that an institution is not eligible to participate in title IV programs if more than 50 percent of its courses are correspondence courses or if 50 percent or more of the institution's students are enrolled in correspondence courses. These restrictions apply to programs offered through telecommunications as well. Most institutions that offer distance education courses or programs do not come near these thresholds and are not affected by these restrictions. However, although the means of delivery are different, distance education programs bear enough similarities to correspondence schools that the committee has heeded the advice of the many individuals and organizations who have urged that current restrictions not be lifted without a careful review.

The Distance Education Demonstrations included in S. 1882 permit the waiver of current statutory and regulatory restrictions for a small number of institutions or consortia and call for evaluations by both the Secretary and the National Academy of Sciences. Based on these evaluations, the demonstration program may be expanded in the future.

Improving the delivery of student financial aid

The committee recognizes that the effective and efficient delivery of the Department of Education's student financial assistance programs is of critical importance to the students who rely on these programs to help finance their postsecondary studies. The Department was created in 1979 to promote excellence and equity in education—not to become one of the Nation's largest financial services organizations. It is therefore not surprising that a new, multibillion dollar student loan program would have its challenges. What concerns the committee, however, is the time that it has taken to rectify some very serious problems. Three pertinent examples of the basis for these concerns include the consolidation of students loans, the preparation of computer systems for the year 2000, and the coordination of electronic student financial assistance forms.

With respect to loan consolidation, the Department contracted with Electronic Data Systems (EDS) in 1995 to consolidate student loans beginning on January 15, 1996, but technical problems prevented the first loans from being processed until 8 months later. Subsequently, the Department testified that its contractor had so erroneously miscalculated the volume of loans and the length of time required to process the loans that it was forced to announce on August 26, 1997, that it would not accept new applications until the backlog of 84,000 applications was eliminated. This situation became so grave that Congress passed a 1-year emergency consolidation bill late last year to help students acquire consolidation loans through the private sector until the Department could again provide adequate services. Bi-weekly consolidation progress reports provided to the committee by the Department, however, suggest that a new backlog may be developing.

The "Year 2000" problem is one that many computer systems are facing as we approach the new millennium. It is absolutely essential that computers involved in the delivery of student financial assistance function properly to ensure a continuous stream of disbursements, payments, and record-keeping as students prepare for their classes in January 2000. The most recent Office of Management and Budget report on this subject states that "the Department [of Education] remains behind most other Federal agencies in becoming Year 2000 compliant, having completed renovation on 14 percent of the mission-critical systems being repaired, and not having completed validation or implementation of any." The committee is especially worried since the systems still out of compliance affect the National Student Loan Data System, student financial assistance, and campus-based programs. These systems are responsible for the accurate delivery of nearly $50 billion in financial assistance each year.

Finally, the Department has had repeated difficulties with the contracts for the processing of the Free Application for Federal Student Aid (FAFSA). Two years ago, direct loan schools discovered that the Department's Public Inquiry Contractor provided the incorrect school code to students completing the FAFSA. All of the direct loan school codes were incorrect, creating substantial confusion for schools and students. Last year, processing was once again delayed as a result of problems with a contract to utilize optical scanners to process student aid applications more efficiently. This year,

the Department had to rely once again upon manual processing of the applications as a result of problems with the contract to print the financial aid forms.

The bill takes important steps to improve the delivery of student assistance programs. It includes provisions, developed in cooperation with the administration, to create a Performance-Based Organization (PBO) designed to strengthen the management of key systems within the Department of Education. In addition, provisions are included requiring the Secretary to report to the Committee on Labor and Human Resources and to the Committee on Education and the Workforce by March 1, 1999, regarding the compliance status of all mission-critical systems and contingency plans for any computer systems that cannot be brought into compliance on time.

The committee has also attempted to identify provisions in the act that impede the ability of both the private sector and the Department to take advantage of the efficiencies made possible through electronic processing and other technological advances. Examples of the committee's interest can be found in provisions that: require that nonstate guaranty agencies be able to respond to electronic inquiries; authorize borrowers and lenders to provide loan disbursement and loan repayment information through electronic as well as written means; permit institutions to develop electronic exit counseling programs that will provide individualized financial counseling; permit borrowers to request deferments electronically; require the Secretary to develop and implement a master promissory note; and allow students borrowing under the FFEL program to use the FAFSA (including the FAFSA on the web) as their student loan application.

Assuring fair and healthy competition in loan programs

The bill reflects a strong commitment to the maintenance of two viable loan programs—the guaranteed or Federal Family Education Loan Program and the Direct Loan Program.

The most significant threat to the continuation of two viable loan programs is the change in the student loan interest rate scheduled to take effect on July 1 of this year. Currently, lenders are paid the equivalent of the 91-day Treasury bill plus 2.5 percent while a student is in school and 3.1 percent while a student is in repayment. Students pay the same interest rate, capped at 8.25 percent. Beginning July 1, 1998, the student loan interest rate will be based on the equivalent of the 10-year Treasury bill plus 1 percent.

Analysts who have reviewed the effect of this change have concluded that allowing the scheduled rate to go into effect will mean the demise of the FFEL program. That outcome is unacceptable—given the substantial likelihood of program disruption. The Direct Loan program, which now handles only 30 percent of total loan volume, simply is not in a position to pick up the slack.

Attempting to resolve this problem has been one of the most difficult tasks facing the committee during this reauthorization process. The dilemma has been finding a way to offer students the lowest possible interest rate while assuring an uninterrupted flow of loan capital so that borrowing will even be possible.

The provisions included in S. 1882 and adopted by the committee dramatically reduces the interest rate that is charged to students,

who will pay the equivalent of the 91-day Treasury bill plus 1.7 percent while in school and 2.3 percent while in repayment. Although it is less onerous than the impending July 1 change, the reduction made by S. 1882 in the interest rate paid to lenders is substantial. Lenders will be paid the equivalent of the 91-day Treasury bill plus 2.2 percent while students are in school and 2.8 percent while students are in repayment. This interest rate represents the best judgment of the committee of the level needed not only to assure that most private lenders will continue to make student loans but also to assure that small borrowers and small institutions will not face undue difficulties in obtaining loan capital.

This solution is by no means perfect, nor does it reflect a consensus of all committee members. It does, however, reflect the sentiment of a majority of the members that a failure to act will have disastrous consequences for students and their families and that a better option has not yet been put forward.

The bill also lays the groundwork for future consideration of an alternative to congressional rate-setting by directing the Secretary of the Treasury to conduct a study of the feasibility of employing market-based mechanisms, including some form of auction, for determining student loan interest rates.

In addition, to the extent possible within budgetary constraints, the bill "levels the playing field" to assure the continuation of fair and healthy competition between the two loan programs. For example, S. 1882 provides for a single application form by permitting FFEL applicants to use the Free Application for Federal Student Aid. The committee also adopted an amendment to offer repayment incentives for Direct Loan borrowers so long as such incentives are cost-neutral.

In many areas, the committee was unable to make all of the improvements it would have preferred, due to the high cost of the options under consideration. The committee is particularly disappointed that it was not possible to extend the provisions of the "Emergency Loan Consolidation Act of 1997" beyond October 1, 1998. This legislation permits borrowers to consolidate their Direct Loans into a FFEL consolidation package. In addition, it changes the interest rate calculation for FFEL consolidation loans so that the formula for calculating the interest rate on Federal Direct Loan consolidation loans and FFEL consolidation loans is the same. Prior to the enactment of this 1-year emergency legislation, a student who had FFEL loans could consolidate his or her loans through the FFEL program but could not consolidate a Direct Loan into a FFEL consolidation loan. A borrower who had both Direct and FFEL loans and who wished to consolidate them had to do so through the Department of Education. As further consideration is given to the reauthorization bill, the committee will continue to work to find offsetting savings that would permit the continuation of these consolidation provisions.

Extending to FFEL borrowers the same extended repayment options available to Direct Loan borrowers also proved to be too costly. While it was not possible to make this benefit available to all borrowers, S. 1882 does permit a first-time borrower with a student loan balance in excess of $30,000 the option of selecting an extended or graduated repayment schedule.

Streamlining the act

The committee has also attempted to relieve the regulatory burden on program participants while protecting program integrity. Examples of this effort include steps to eliminate the 30-day delayed disbursement requirements for first-year students and multiple disbursement requirements for fourth and fifth year undergraduates completing their degrees who are attending institutions with default rates 5 percent or less; to reduce paperwork where possible by permitting lenders and institutions to maintain certain documents on file rather than submitting them to the Department in their entirety; and to eliminate annual audit requirements for lenders with loan volumes under $5 million per year. In addition, S. 1882 includes provisions designed to focus departmental resources on the review of those institutions most likely to present problems for student financial aid programs.

The committee's effort to streamline programs includes the streamlining of the act itself. This bill takes nearly 50 programs off the books and cuts in half—from 12 to 6—the number of titles in the act. A list of the programs repealed by S. 1882 appears at the end of the summary included in section I of this report.

III. Legislative History and Committee Action

The Higher Education Amendments of 1998, S. 1882, was introduced by Senators Jeffords, Kennedy, Coats, and Dodd on March 30, 1998. Senator Collins was added as a cosponsor on April 1, and Senator DeWine was added as a cosponsor on April 29.

Prior to the introduction of the legislation, the committee held 10 days of hearings. Eight of these hearings were held in Washington, DC, including:

"Administration's Proposal for Higher Education Act Reauthorization" (February 27, 1997).

"Pell Grants and Tax Policy: Which Approach Serves Which Population" (March 14, 1997).

"Professional Development (title V): The Role of Higher Education Institutions in Preparing Our Teachers for the 21st Century" (March 20, 1997).

"Technology and the Virtual University: Opportunities and Challenges" (April 16, 1997).

"Campus-Based Programs—Reshaping Policy to Meet the Needs of a Changing Student Population" (April 23, 1997).

"Management of the Student Aid Delivery System" (May 15, 1997).

"Opportunity Programs: Opening the Doors to Higher Education" (June 12, 1997).

"Access and Costs: Recommendations for Title IV" (July 24, 1997).

Two field hearings were held, including:

"Reauthorization of the Higher Education Act" Burlington, VT (February 3, 1997).

"Reauthorization of the Higher Education Act and the Costs of Higher Education" Bangor, ME (May 5, 1997).

In addition, the committee considered the written comments and recommendations submitted by approximately 100 organizations and institutions involved in the field of higher education.

On April 1, 1998, the committee met in executive session to consider S. 1882. The committee took action on 9 amendments. Five additional amendments were offered and subsequently withdrawn. The bill as amended was adopted by a roll call vote of 18 yeas to 0 nays.

A. Amendments Adopted by Voice Vote During Executive Session

Eight amendments were adopted in the executive session by voice vote, as follows:

1. Senator Jeffords offered a manager's amendment that: (1) requires the Secretary to develop regulations to implement his discretion to allow, on a case-by-case basis, a student to receive two Pell Grants during a single award year (Current law section 402(b)(6)); (2) makes modifications to CAMPUS program (subpart 7 of part A); (3) adds provisions to part B dealing with eligible lenders omitted from earlier draft; (4) provides for loan forgiveness for child care workers; (5) clarifies that work-study employment includes internships or research assistantships; (6) corrects an error in award year dates in part F; (7) modifies athletic reporting language; (8) adds requirements for the Secretary to compile and make available certain athletic information; and (9) reinserts a clarifying phrase in section 211(a) of Education of Deaf Act.

2. Senator Jeffords, on behalf of Senators Reed, Bingaman, and Harkin, offered 5 amendments that were adopted en bloc. These amendments included: (1) Reed amendment to clarify that educationally oriented nonprofit institutions and organizations are involved in the effort to improve teacher quality; (2) Reed amendment to modify language dealing with priorities for teacher training partnership funding; (3) Bingaman amendment related to academic majors for teacher training program graduates; (4) Bingaman amendment dealing with Hispanic serving institutions and Tribally Controlled Colleges and Universities; and (5) Harkin amendment reducing the number of years of authorization for the U.S. Institute of Peace.

3. Senator Gregg offered an amendment to suspend loan, grant, and work assistance eligibility for students who have been convicted of drug-related offenses.

4. Senator Harkin offered an amendment to offer repayment incentives for Direct Loan borrowers. The amendment was modified to strengthen provisions dealing with the cost neutrality of such repayment incentives.

B. Roll Call Votes Taken During Executive Session

Two roll call votes were taken during the executive session, as follows:

1. Senator Dodd offered an amendment to authorize the Secretary of Education to fine institutions of higher education up to $25,000 for failing to provide the college cost information required to be provided under section 487 of S. 1882. The amendment was adopted by a roll call vote of 10 yeas to 8 nays.

Yeas:
Enzi
Collins
Kennedy
Dodd
Harkin
Mikulski
Bingaman
Wellstone
Murray
Reed

Nays:
Jeffords
Coats
Gregg
Frist
DeWine
Hutchinson
Warner
McConnell

2. The bill as amended was reported favorably by a vote of 18 yeas and 0 nays.

Yeas:
Jeffords
Coats
Gregg
Frist
DeWine
Enzi
Hutchinson
Collins
Warner
McConnell
Kennedy
Dodd
Harkin
Mikulski
Bingaman
Wellstone
Murray
Reed

C. Amendments Offered and Subsequently Withdrawn

Five amendments were offered, discussed, and subsequently withdrawn:

1. Senator Kennedy offered and then withdrew an amendment to change the student loan interest rate paid to banks to a rate based on 91-day T-bill plus 1.9 percent in-school and 91-day T-bill plus 2.5 percent in repayment, and to move to a market-based system to determine bank interest rates.

2. Senator Wellstone offered and then withdrew an amendment to protect nonrevenue generating men's and women's sports.

3. Senator Wellstone offered and then withdrew an amendment to authorize grants to combat violence against women on campus.

4. Senator Wellstone offered and then withdrew an amendment to revise the distance education provisions of the bill.

5. Senator Bingaman offered and then withdrew an amendment to eliminate all Federal funding from any school of education unless: (1) the school meets nationally recognized professional standards for institutional accreditation of teacher preparation programs, or (2) at least 75 percent of its graduates pass State licensure examinations on their first attempt.

In addition, Senator Kennedy discussed, but did not offer, an amendment to authorize the High Hopes for Scholars Program. Senator Bingaman discussed, but did not offer, an amendment to: (1) Increase the TRIO authorization from $700 million to $800 million; (2) Direct the Secretary to develop a uniform definition of underserved geographic areas with high dropout rates, using program and census data; and (3) Authorize the Secretary to give priority points to applications from underserved geographic areas with high dropout rates in awarding grants for amounts appropriated above $700 million in any fiscal year.

IV. Explanation of the Bill and Committee Views

TITLE I—GENERAL PROVISIONS

The current title I—Partnerships for Educational Excellence—is repealed, as programs authorized under the title have not been funded.

General Provisions, now included in title XII, are transferred to title I. Unfunded and obsolete sections of title XII are repealed, including: Commission to Study Postsecondary Institutional and Programmatic Recognition Process (section 1206), Aggregate Limit of Authorization of Appropriations (section 1211), and Technology Transfer Centers (section 1212). In addition, the provisions of Federal-State Relationships; State Agreements (section 1203) are transferred to subpart 4 of part A (Leveraging Educational Assistance Partnership Program). Provisions are also added to title I to preserve prior rights and obligations for facility projects under the current title VII (Construction, Reconstruction, and Renovation of Academic Facilities).

National Advisory Committee on Institutional Quality and Integrity

With one exception, the title XII provisions transferred to title I are not amended by this bill. Modifications are made to the National Advisory Committee on Institutional Quality and Integrity to require the Secretary to publish the expiration dates of terms of members of the committee and to solicit nominations for vacancies on the committee. These modifications were made in response to concerns that the composition of the committee is not sufficiently representative of all sectors and types of institutions. Requiring public notice of the dates on which the terms of current committee members will expire will give those wishing to promote candidates for open positions a better opportunity to do so. The authorization for the committee is extended through September 30, 2004.

TITLE II—IMPROVING TEACHER QUALITY

Preservice professional development for teachers and the role of institutions of higher education in preparing our Nation's teachers for the 21st century was the subject of one of the first higher education hearings of the 105th Congress. These issues are paramount due in large part to the fundamental role that teachers play in determining the quality of education in our Nation's classrooms. Without an investment in improving the quality of teacher preparation, the other investments we make in elementary and secondary education will fall short of expectations.

Throughout the reauthorization process, members of the committee expressed great interest in teacher preparation, and many took an active role in shaping the program that has been developed for this title. Many of the ideas included in the Teacher Quality proposal are drawn from legislation developed separately by Senators Frist, DeWine, Kennedy, Bingaman, Murray, and Reed. The committee is appreciative of their involvement and input in crafting the teacher training legislation in S. 1882.

Clearly, the plethora of bills demonstrate the importance of teacher preparation as an area of focus in the Higher Education Act. These new provisions underscore the important connection between institutions of higher education and elementary and secondary schools and highlight the critical national need to encourage programs of higher education to work cooperatively with States and K–12 schools. Throughout title II, the committee emphasizes the importance of content knowledge and teaching skills, together, as the basis for improving teacher quality. It does so by creating incentives for State and local initiatives, in recognition of the importance of each with respect to how teachers are trained. The committee believes that simultaneously adopting a "top-down" and "bottom-up" approach is the best strategy for improving teacher quality.

All unfunded programs previously authorized in title V of the Higher Education Act are repealed. The programs are replaced with one comprehensive program whose purpose is to improve student achievement, to improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities, and to hold institutions of higher education accountable for preparing teachers who have necessary teaching skills and are highly competent in the academic content areas in which they plan to teach, including training in the effective use of technology in the classroom. The greater emphasis in the new title II provisions is on part A, that addresses the need to improve teacher quality, while part B provisions address the need to recruit new teachers for underserved areas.

Research consistently demonstrates the strong link between teacher quality and student achievement, thus teacher quality is of critical concern to the committee. To better support State efforts to improve the quality of teacher preparation and teaching, part A of the bill includes Teacher Quality Enhancement Grants. States are required to use funds provided under this program to ensure that all teachers have the necessary subject matter content knowledge and the skills to teach effectively. Funds may also be used to hold institutions of higher education responsible for training prospective teachers in content areas; to improve teacher certification and licensure requirements; to provide prospective teachers alternatives to traditional preparation for teaching; to improve alternative routes to State certification; to ensure that schools are able to recruit and retain highly qualified teachers, reward excellent teachers and principals, and remove unqualified teachers; to support innovative efforts to reduce the shortage of highly qualified teachers in high poverty urban and rural areas; and to address the problem of social promotion.

The Teacher Quality Enhancement Grants are designed to allow States to fund initiatives that best meet their specific teacher preparation and recruitment needs. States are encouraged to explore various State level reforms, including more rigorous teacher certification and licensure requirements, and providing high-quality alternative routes to certification.

The committee ensures that States have broad flexibility in their efforts to recruit and retain highly qualified teachers. States are able to use their grant money to develop systems to reward high-performing teachers and principals.

Studies show that the problem of attracting and keeping qualified teachers is most severe in high-poverty rural and urban areas. The least well-qualified teachers are most likely to be found in high-poverty schools, in both rural and urban areas. This is a situation that should not be tolerated, and so the committee allows States to use their Teacher Quality Enhancement Grants to develop and implement innovative efforts to reduce the shortage of qualified teachers in high-poverty areas.

Part A also authorizes Teacher Training Partnership Grants, which will be made to local partnerships. Each partnership must include at least 1 school of arts and science, school or program of education, a local education agency, and a K–12 school. In addition, the partnership must include a high-need local educational agency (LEA) or K–12 school. High need is defined as an LEA or K–12 school within a State that serves a large number of students from low-income families, that has a high percentage of teachers not teaching in the content area in which they were trained, or that has a low teacher retention rate. Partnerships may include the involvement of a State education agency, pre-K programs, nonprofit educational groups, businesses, or teacher organizations. Partnerships that involve businesses, however, will receive priority consideration. Partnerships will be eligible to receive a 1 time only grant to encourage reform and improvement at the local level. Grants are not renewable.

The committee notes again that "schools of arts and science" are required participants in eligible Teacher Training Partnerships, but that this concept is not meant to be defined narrowly. Institutions of higher education have diverse academic structures and organizations, and a particular department can be located in different administrative units in different institutions. The language in the Higher Education Act could not specify all the possible administrative units within which the content areas appropriate to teacher preparation are housed. Therefore the term "arts and sciences" is used in the act to mean any academic administrative unit that offers one or more majors in disciplines or content areas corresponding to the subject matter areas in which teachers are assigned.

It is the committee's intent that a successful partnership model—the professional development school—can be supported by this section of the Higher Education Amendments of 1998. Professional development schools, which are analogous to teaching hospitals in the medical profession, provide prospective teachers with sites for intensively supervised internships where they can work with expert practitioners and experience hands-on practice linked to their

course work; enable veteran teachers to mentor prospective teachers and renew their own professional development; and allow teachers and university faculty to jointly engage in research. Professional development schools have shown success in leveraging reforms in teacher education while simultaneously restructuring and transforming practice in schools. The National Commission on Teaching and America's Future has recommended professional development schools as one way to reinvent teacher preparation and professional development and increase student achievement. In its 1996 report, entitled "What Matters Most: Teaching for America's Future" the Commission wrote: "The Nation needs many more professional development schools, because these partnerships between higher education and local schools, by harnessing theory to practice, improve both."

In addition, it is the committee's intent to allow partnerships to provide high quality professional development opportunities to veteran teachers in order to ensure that such teachers have updated knowledge of new teaching techniques and technology. Improvements in student achievement will not be realized unless pathways to an improved professional development continuum are provided to both new and veteran teachers.

In awarding teacher training partnership grants, partnerships that involve business are given priority consideration. The committee believes that K–12 schools and institutions of higher education must make the important link between education and work. Establishing such links will provide today's students an array of learning experiences that will better prepare them to be active participants in the global economy. Encouraging the involvement of the business community in teacher training partnerships will make a significant difference in providing educators at institutions of higher education and at elementary and secondary schools with a deeper understanding of what skills are sought by employers—resulting in a substantial benefit to our Nation's students. In addition, inviting business involvement will allow for the possibility for partnerships to harness additional resources for reform efforts authorized under this title.

The proposal includes strong accountability measures for both Enhancement and Partnership grants. Grant recipients may only continue to receive assistance after the second year of the grant if they have shown that they are making substantial progress in meeting such goals as improving student achievement, increasing the passage rate of teachers for initial State licensure or certification (in States that have such exams), and increasing the classes taken in core academic subject areas.

The committee has authorized $300 million for fiscal year 1999 and such sums as may be necessary for this important activity.

Teacher recruitment

Many urban and rural schools face severe teacher shortages today; at the same time, students in those schools often need the most qualified teachers. The Federal Government cannot solve this recruitment challenge alone, but it can be a catalyst that stimulates the recruitment of minority teachers and teachers in areas of high need.

Part B of title II, "Recruiting New Teachers for Underserved Area" has as its goal increasing the number of students, especially minority students, who complete high-quality teacher preparation programs. The committee has authorized appropriations for this part of title II at a level of $37 million for fiscal year 1999 and such sums as may be necessary for the succeeding 4 fiscal years. The part B provisions replace the Minority Teacher Recruitment provision formerly authorized in Title V of the Higher Education Act.

The Secretary is authorized to award 5-year competitive grants to partnership between institutions of higher education and school districts in underserved urban and rural areas. Together, the partners determine the needs of high-poverty schools in their communities, such as the need for diverse faculties or for teachers in particular subject areas. Having completed this needs assessment, the partners would identify a pool of potential teachers fitting those needs, recruit individuals from the pool, and design high quality preparation and induction programs tailored to those individuals. The needs of the respective partnerships will determine the recruitment focus. Special consideration is given to applications from minority-serving institutions and to applications most likely to result in an increase in the numbers of minority individuals entering the teaching force. The program is authorized to support scholarships for potential teachers. Applicants determine the funding level and number of scholarships to meet the needs of their students. Individuals recruited into this program are required to teach for at least 3 years in an underserved school district, defined by the poverty level. Grantees are required to match the Federal share of the costs of the program on an increasing basis in an effort to ensure that the program activities continue after Federal funding ends.

The committee believes that a focused Federal investment in teacher recruitment, in addition to the substantial investment in improving teacher quality, can make a significant impact on the development and improvement of teachers.

TITLE III—INSTITUTIONAL DEVELOPMENT

Over the past 6 years, increasing attention has been paid to the tremendous benefit, both to society and to the individual student, of a college education. As public awareness of the benefits of a college education has grown, so too has public frustration grown with the pace at which the cost of attending college has risen. Lost in this debate has been the role played by the many small private and public institutions that strive to serve first generation and low-income students at a reasonable cost. These institutions generally serve local and regional needs and do not have the financial or administrative resources of their more well-known counterparts. Nonetheless, they serve a vital role in our education system and provide educational opportunities to students who would otherwise be overlooked.

Title III is the Higher Education Act's largest source of direct Federal assistance to these institutions of higher education. First authorized in 1965, this title has provided support to disadvantaged institutions to strengthen and enhance their academic programs and services to students and to support their efforts to seek financial stability and independence. Title III funds have been uti-

lized to strengthen endowments, fund linkages between institutions of higher education, and support model programs designed to improve access and reduce the cost of delivering education to nontraditional students. As amended by this act, title III consists of 6 parts: Part A—Strengthening Institutions; part B—Strengthening Historically Black Colleges and Universities; part C—Endowment Challenge Grants; part D—Historically Black College and University Capital Financing; part E—Minority Science and Engineering Improvement Programs; and part F—General Provisions.

Part A—Strengthening institutions

Part A provides funds to institutions of higher education that serve a large percentage of students receiving need-based aid and that have lower than average expenditures per student. These funds may be utilized for faculty development, efforts to improve institutional management, equipment acquisition, joint use of facilities with other institutions and the provision of student services. The committee strongly supports continuation of part A as a valuable resource for strengthening the academic programs and the administrative capacity of these institutions and has authorized $135 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years. The committee strongly encourages the Committee on Appropriations to direct more funding to this important program.

Educational technology

Over the past 6 years, advances in technology have dramatically affected the delivery and administration of education and training. In January 1993, the National Science Foundation assumed responsibility for registering Internet users as part of an effort to expand Internet access to college and university researchers. Five-years later, the Internet has become a part of every day life and Internet access has become an important tool for faculty development, institutional management, and the delivery of education. With the advent, however, of the Internet II and the Next Generation Internet, technology threatens to become a dividing line between successful and unsuccessful institutions. Institutions that are only beginning to master the possibilities of the Internet must begin planning now to build the infrastructure needed to fully avail themselves of these emerging technologies.

In order to assist title III institutions with these emerging challenges, the committee has amended the list of authorized activities to encourage institutions to use title III funding to plan for and acquire new technologies. It is the committee's expectation that the Department will work closely with institutions that receive funding under this part to assist them with planning for and acquiring new electronic technologies.

Applications

The committee is concerned by reports that many eligible institutions do not apply for title III funds because they lack experience with sponsored programs and lack the administrative resources needed to commit successfully to the grant preparation process. In order to encourage less experienced colleges and universities to

participate in title III, the committee encourages the Department, where appropriate, to provide technical assistance and/or develop a pre-application process.

Section 316—American Indian tribally controlled colleges and universities

In recognition of the challenges faced by Native American institutions of higher education, in 1978 the Congress enacted the Tribally Controlled Community College Assistance Act. This act authorized the Federal Government to spend $5,820 per full-time Native American student each year. Despite the growing needs of the student population that is being served, the appropriations under this act have only grown to about $2,992 per full-time student.

Tribally Controlled Colleges and Universities have succeeded nonetheless. Currently, 31 institutions enroll more than 25,000 students across the country. More than 40 percent of the students receiving associate degrees or vocational certificates go on to pursue more advanced degrees in 4-year colleges or universities and students who attend Tribal colleges for as little as 1 year and then transfer to another college are 4 times as likely to complete their degree as Native American students who go straight into other colleges or universities. Ninety percent of the graduates of these institutions are employed.

In order to build upon this success, and expand the capability of these institutions, the committee has created a new section 316, which authorizes $5 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years. These funds may be used to plan, develop, and implement activities designed to improve or expand the ability of the institution to serve Indian students.

Part B—Strengthening historically black colleges and universities

Shortly after the Emancipation Proclamation, 24 private Black colleges were created through the support of church groups and the Freedman's Bureau. A few States established public institutions for African Americans during this period but the major impetus for the creation of publicly funded education opportunities came about with the enactment of the second Morrill Act in 1890. Today, numbering approximately 100 institutions, HBCU's enroll less than 20 percent of all African American undergraduates but award more than one-third of all bachelor's degrees to African Americans. This current success is consistent with the historical role played by HBCU's. Over the years, HBCU's have educated nearly 40 percent of this country's African American college graduates, 75 percent of African American Ph.D.'s, 46 percent of all African American business associates, 50 percent of African American engineers, 80 percent of African American Federal judges, and 85 percent of all African American doctors.

In 1986 the important role of HBCU's was formally recognized through the redesignation of part B of title III as Strengthening Historically Black Colleges and Universities. Funds were authorized for the acquisition of laboratory equipment, the renovation and construction of instructional facilities, faculty exchanges, academic instruction, the purchase of educational materials, tutoring, coun-

seling and student services. The committee has expanded this authority to permit institutions to use not more than 20 percent of the funds they receive under this part to build and/or strengthen their endowments.

Section 326—Strengthening historically black graduate institutions

In addition to the grants provided to eligible undergraduate HBCU's, the Higher Education Act Amendments of 1987 provided authority to award grants to 5 black professional and graduate institutions—Morehouse School of Medicine, Meharry Medical School, Charles R. Drew Postgraduate Medical School, Atlanta University, and Tuskegee Institute School of Veterinary Medicine. The Higher Education Technical Amendments Act of 1987 provided that Morehouse School of Medicine would receive no less than $3 million of the funds appropriated under this section. The Higher Education Act Amendments of 1992 expanded eligibility to include 11 additional black graduate and professional schools and programs.

The definition of eligible institution currently contained within the act is applied inconsistently and allows some institutions to secure funding for any qualified graduate programs while others are restricted to the school or program specified in the statute. In order to allow institutions to utilize funds more effectively, the committee has amended the definition of eligible institution to allow all institutions that are currently eligible for funds under this section to utilize section 326 funds in support of any qualified graduate program.

Part C—Endowment challenge grants for institutions eligible for assistance under part A or part B

Endowment Challenge Grants support the establishment or expansion of endowment funds at recipient institutions. The committee is strongly committed to this program and believes that every effort should be made to assist eligible institutions in achieving financial security and independence through endowment building. The committee has simplified the funding formula to reflect historical and anticipated funding levels. In order to maximize the number of institutions that may benefit from this program, the committee has limited the maximum grant to $500,000.

Part D—Historically black college and university capital financing program

The HBCU Capital Financing Program was established in 1992 as part of an effort to assist eligible institutions in their efforts to borrow funds from the private sector in support of the construction and renovation of academic facilities. This program provides a cost-effective means of supporting the efforts of HBCU's to rebuild their campuses. In order to more accurately reflect the needs of these institutions, the definition of an eligible project has been expanded to include facilities used for the administration of educational programs, student centers or student unions, maintenance, storage, or utility facilities, and outpatient health care facilities constructed for use by students or faculty.

Part E—Minority science and engineering improvement program

The Minority Science and Engineering Improvement Program was established under the authority of the National Science Foundation's Organic Act of 1950. In 1979, this program was transferred from the National Science Foundation to the newly established Department of Education where it has emphasized efforts to strengthen undergraduate science and engineering education at institutions with a minority enrollment of at least 50 percent. Beneficiaries have included Tribal colleges, Hispanic-Serving Colleges and Universities, and HBCU's. Funds are utilized to purchase equipment, develop curricula, and support advanced faculty training. The committee has amended the definition of science, contained within this part, to broaden opportunities for minority students to study behavioral sciences.

The committee strongly supports the efforts of both the Department of Education and the National Science Foundation to increase the number of minority students pursuing careers in science and engineering. The committee urges the Department to work closely with NSF to coordinate these efforts and to ensure that students participating in programs supported under Part E are made aware of opportunities to participate in graduate programs supported by the National Science Foundation.

TITLE IV—STUDENT FINANCIAL ASSISTANCE

Part A—Grants to students in attendance at institutions of higher education

Federal Pell Grant Program

The Pell Grant program is the foundation of our Federal investment in higher education. The fundamental focus of the program is to remove financial barriers to postsecondary attendance and ensure that students, regardless of income level, are able to pursue postsecondary education at institutions of their choice. The Pell Grant program is especially important in equalizing access to higher education for low-income families, who send their children to college at lower rates than high income families. Forty-seven percent of students receiving the Pell Grant have incomes below $9,000 (1994–95 figure). The committee made a number of changes to the Federal Pell Grant program in an effort to ensure that students continue to have access to postsecondary education. Other changes were made to simplify the program.

The name of the program has been changed throughout the bill from Basic Education Opportunities Grants to the Federal Pell Grant program for purposes of simplification and clarity. The Federal Pell Grant maximum award is increased in S. 1882 to $5,000 in academic year 1999–2000, and increases by $200 each succeeding academic year, reaching a level of $5,800 by academic year 2003–2004. Increasing the Pell Grant maximum award is an expression of the committee's continued commitment to strengthen the program and assure that it continues to hold the promise of assuring access for students with financial need as it has done in the past.

This section also includes new language requiring the Secretary to promulgate regulations implementing a provision that gives the Secretary the authority to allow a student to receive two Pell Grants during a single award year. It is the committee's hope that if sufficient funds are available, this provision may be adopted by the Secretary. By making the Pell Grant available for summer school, highly motivated students will receive a long-term benefit of reduced costs and fees incurred as a result of finishing their courses of study earlier than otherwise would be possible.

In recognition of the greater use of technology, the committee has included language that allows the Department of Education, after a formal comment period, to institute an accurate and more timely payment process to replace the mandatory 85 percent advance funding of Pell Grant funds to institutions. It is the committee's intent to anticipate and allow for institutions and the Department to implement a technologically advanced payment processing system while assuring that any move to a "just in time" payment method is not undertaken prior to being assured by institutions of higher education and the Department that the new system is fully operational and will assure no service interruption for students and institutions.

The step function for the minimum Pell Grant is eliminated. The minimum Pell Grant continues to be set at $200 and those students who qualify for a $200 Pell will now receive a $200 Pell Grant. Allowances for dependent child care expenses were increased by making provisions in this section consistent with the related provisions in part F—Need Analysis.

The bill sets a time limit on the period during which a student may receive a Federal Pell Grant. A student will not receive a Pell Grant for more than the full-time equivalent of 150 percent of the period normally required to complete the first undergraduate degree pursued by the student in which the student is enrolled, as determined by the institution. First recommended by the Department of Education, this provision is intended to strike a balance between allowing a financially needy student sufficient time to successfully complete a degree, while preventing abuse of the program by students taking excessive time to complete a course of study. In addition, it is hoped that by limiting the period of eligibility for the Federal Pell Grant, students will be motivated and encouraged to complete their studies in a timely manner. Data suggests that the vast majority of students continue to complete their undergraduate degrees within the time period allowed by this proposal and they would be unaffected by this change.

In another effort to ensure the continued and strengthened integrity of the Pell Grant program, provisions relating to the eligibility of English as a Second Language "stand alone" programs are tightened substantially. Students participating in "stand alone" English as a Second Language courses would now be required to take an independently administered exam as a measure of minimal English proficiency. An English as a Second Language program's eligibility for participation in the Federal Pell Grant program would be based on a minimum percentage of the program's graduates passing one of the tests of English proficiency approved by the Secretary.

TRIO Programs

The TRIO programs provide beneficial support to students who are in need of early intervention service and assure greater access, retention, and success in the pursuit of postsecondary studies for eligible participating students. The committee strongly reiterates its commitment to investing in early intervention and outreach programs by increasing the authorization level for the TRIO programs and making other modest changes to those sections of the Higher Education Act related to TRIO.

There is a growing need for expanded early intervention services and programs. Recent studies have shown that there are a variety of factors that present barriers to entry into postsecondary education. For first-generation students, those factors include having less direct knowledge of the benefits of postsecondary education, lack of knowledge about college admissions and the financial aid process. According to a recent study entitled, "Missed Opportunities: A New Look at Disadvantaged College Aspirants," many first generation students did not complete "as many of the pipeline steps necessary for enrollment in a 4-year institution." "Pipeline" steps for enrollment in a 4-year institution are defined as aspiring to a bachelor's degree, being prepared academically, taking entrance exams, applying to a 4-year college and enrolling in a 4-year institution. In fact, the report states that "40 percent of first-generation students failed to take any of the 5 pipeline steps, compared to only 7 percent of students whose parents have a bachelor's degree." Facts such as this demonstrate the need for strengthening and providing continued support for programs like TRIO.

The 1,900 TRIO programs provide benefits to 700,000 students nationwide. Two-thirds of students in the TRIO programs come from families with incomes under $24,000 and where neither parent graduated from college. Even with the substantial investment that the Federal Government makes in the TRIO programs, less than 5 percent of the TRIO eligible population is served. While the committee is encouraging growth in the TRIO program by increasing the authorization level to $700 million in fiscal year 1999, and such sums as may be necessary in the 4 succeeding fiscal years, it is the hope of the committee that some of the changes made in this legislation will encourage TRIO programs to explore and implement ways to replicate their successful practices.

The committee strongly encourages the TRIO community to make a greater effort to serve more TRIO eligible students by working in partnership with other programs, replicating program best practices, and sharing information about how best to meet the needs of first-generation, low-income and disabled students. Even with the growing Federal investment in TRIO, there are too many students in need of outreach services who are not receiving any support. The success that TRIO projects have had in meeting the needs of low-income, first-generation college students must be shared with other service providers through any appropriate means in an effort to meet the growing need that exists in communities throughout the Nation.

The minimum grant levels for the various TRIO programs are increased. These increases are balanced and measured. They will allow the TRIO programs to continue to provide comprehensive

services to students and ensure that services are not diluted because minimum grants are not maintaining pace with inflation, while providing sufficient funds for new TRIO projects. The committee recognizes the importance of striking a balance that ensures intensity of services are maintained and that allows for growth in new programs.

The bill permits TRIO directors to administer more than 1 program for disadvantaged students. This clarification of current law will ensure that all programs for students in need of assistance are better coordinated. The committee believes that this will make a difference in ensuring that there is a better exchange of information between TRIO programs and other programs designed to encourage success in postsecondary education.

The authorized activities in the Talent Search Program are expanded to include activities designed to acquaint youth with careers in which individuals from disadvantaged backgrounds are underrepresented. Such activities provide both incentives for young people to pursue postsecondary education and first-hand knowledge of what careers are possible if they pursue postsecondary education. In addition, the committee recognizes the importance of maintaining program intensity in Talent Search as well as in Educational Opportunity Centers and encourages TRIO programs to continue to make appropriate per student investments.

The authorized activities in Upward Bound are also expanded to include summer work-study and to permit higher stipends for those Upward Bound students participating in summer work study positions. Many of the students participating in Upward Bound cease to participate during the summer months because they are required to find paying jobs to support themselves or their families. Increasing the summer stipends for summer work-study to $300 a month for June, July, and August is intended to decrease the "dropout rate" of students participating in Upward Bound.

The most significant changes to the TRIO program are made to section 402H of the act relating to program evaluation. The new Evaluation and Project Improvement and Dissemination Partnership projects provision included in S. 1882 will reserve up to 2 percent of TRIO funds for Evaluation and Dissemination/Partnership grants. The new Dissemination/Partnership provision encourages partnerships between TRIO programs and other institutions and community-based organizations offering programs or activities serving at-risk students. The committee intends for this provision to encourage TRIO programs to provide technical assistance and disseminate program best practices to non-TRIO programs that share the common goals of increasing access to and success in postsecondary education for low-income, first-generation college students. The committee believes that this will provide a means of ensuring a greater number of TRIO eligible students receive needed early intervention and outreach services as well as further emphasize the committee's interest in encouraging TRIO programs to share and replicate program best practices.

This shift in focus of section 402H of the Higher Education Act requires a commitment to change and innovation on the part of the TRIO projects. By stretching the Federal dollar, it is the committee's hope that this provision will have a substantial impact on en-

suring that more first-generation college students receive the benefits of the TRIO.

National Early Intervention Scholarship and Partnership Program

The National Early Intervention Scholarship and Partnership (NEISP) program was first authorized as part of the Higher Education Amendments of 1992. Since its inception, this program has had a significant impact on the lives of young people in the 9 States that receive funding under its authority. The committee recognizes the need for greater investment in early intervention programs that prepare and encourage students to pursue studies beyond high school and has therefore maintained the authorization level of NEISP at $200 million for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years. It is the committee's desire that Congress provide a more substantial investment in the National Early Intervention Scholarship and Partnership program so that a greater number of students in more States will benefit from the early intervention, outreach, mentoring and scholarship assistance that NEISP provides.

Federal Supplemental Education Opportunity Grants

The Federal Supplemental Education Opportunity Grants (SEOG) program provides important need-based grant aid to students, helping them to pursue postsecondary education. The Federal investment in grant assistance is critically important and the committee recognizes the need to strengthen and expand the current Federal grant programs.

One of three campus-based programs, the SEOG program is administered by institutions and allows for flexible decisionmaking at the institutional level while maintaining a strong commitment to providing grant aid to those students who demonstrate financial need. It is the kind of investment that helps bridge the gap for our neediest students and makes it possible for them to pursue higher education.

The committee strongly supports the SEOG program and has made a minimal number of changes to the program. The changes adopted by the committee are intended to reaffirm the committee's commitment to SEOG and increase program flexibility with the goal of better serving students.

S. 1882 increases the authorization level for the SEOG program to $700 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years. This represents an increase over the previously authorized level of $675 million. It is the committee's intent to encourage the appropriators to continue to make a substantial investment in the SEOG program.

In an effort to eliminate burdensome provisions, the current reference to setting aside a specific percentage of grant funds to less than full-time or independent students has been eliminated. SEOG funds are currently readily available to less than full-time and independent students and the required monitoring of the current law increases the administrative burden to institutions without providing any advantage to the intended recipients. In an effort to provide greater flexibility in the program, S. 1882 authorizes insti-

tutions to carry-back and carry-forward 10 percent of the institution's SEOG funds. This too will provide added flexibility to institutions in their efforts to better serve the needs of students, especially those needs that might be unanticipated.

Grants to states for state student incentives

Like the SEOG program, the State Student Incentive Grant program (SSIG) provides desperately needed Federal grant aid to students. The SSIG program is unique in that none of the Federal dollars made available for the program are used for the administration of the SSIG program—each Federal SSIG dollar goes directly into the hands of students. In addition, the SSIG program requires a strong level of commitment by the States and Federal dollars allotted to SSIG are required to be matched on a dollar for dollar basis by participating States leveraging additional funds for students to pursue higher education.

It is the view of the committee that the SSIG program represents a wise investment of Federal resources and that this unique partnership between the States and the Federal Government should be continued and expanded. The committee believes that further reductions in appropriations for SSIG will have a negative impact on the availability of much needed grant assistance for our Nation's students. The committee encourages the appropriations committee to consider the far reaching changes adopted during the reauthorization process and provide increased funding for this program.

In an effort to strengthen, revitalize, and improve the program, the committee has adopted, with minor modification, a proposal that was introduced as separate legislation (S. 1644) by Senators Reed and Collins. The provisions adopted by the committee rename the SSIG program the Leveraging Educational Assistance Partnership (LEAP) program and includes a number of significant changes that will leverage new State dollars for grant assistance and provide States with flexibility as to how funds can be best spent to meet the needs of their students.

Funds appropriated to the LEAP program that exceed $35 million must be matched by States on a 2:1 basis. This exceeds the 1:1 match that is currently required. States will have the authority to use new LEAP funds to provide support for eligible students who demonstrate financial need through activities such as increasing current scholarship or work-study aid; carrying out transition programs from secondary to postsecondary school; making funds available for community service work-study jobs; creating a postsecondary scholarship program for students who wish to enter teaching or a program of study leading to a degree in math, computer science, or engineering; carrying out early intervention programs, mentoring programs and career education programs; or awarding merit or academic scholarships. The committee is appreciative of Senator Abraham's input in suggesting improvements in the LEAP program. The committee has adopted his proposal that allows States to use new LEAP funds for a scholarship program for students who wish to enter a program of study leading to a degree in math, computer science, or engineering.

In adopting these changes, the committee reiterates its commitment to this prudent Federal investment in a State/Federal part-

nership and to the improvement of a strong Federal/State program that provides real incentives to States to increase their investment in need-based aid.

Special programs for students whose families are engaged in migrant education

The High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP) provide support and educational services to migrant children. The authorization levels for the HEP and CAMP programs are increased in S. 1882 to $25 million and $10 million, respectively for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years. By increasing the authorization levels for these important programs, the committee reiterates its continued commitment to providing needed assistance to our Nation's migrant students.

Robert C. Byrd honors scholarship program

The Robert C. Byrd Honors Scholarship Program is a State-based program that makes grant aid available to students who have demonstrated outstanding academic achievement and show promise of continued academic achievement. The Byrd Scholarship program is fundamentally sound and the committee has made only 1 change to the program, by increasing the authorization of appropriations to $45 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years in recognition of the continued strong congressional support that exists for this Federal program.

CAMPUS

The committee has included a modified version of Senator Dodd's CAMPUS Act (S. 1151) as part of S. 1882. The committee believes that the inclusion of this proposal will support the participation of low-income parents in post secondary education through the provision of campus-based child care. The Secretary of Education may award 3 year grants to institutions of higher education to assist the institution in supporting or establishing acampus-based child care program serving the needs of their low-income students. The committee has authorized appropriations for this program at $60 million for 1999 and such sums as may be necessary for the 4 succeeding fiscal years.

Campus-based child care is vitally necessary for parents attending college. Unfortunately, it is often difficult to access, particularly for low income parents. Campus-based child care is conveniently located, available at the right hours, generally of high quality, and often at lower costs. It is the committee's view that supporting university based child care continues the central goal of Federal higher education policy, to increase access to higher education.

Part B—Federal Family Education Loan Program

In January 1997, as part of the process of preparing for the reauthorization of the Higher Education Act, the committee called upon members of the higher education community to offer their recommendations for the enhancement and improvement of Federal student aid programs. These recommendations revealed general

satisfaction with the basic structure of the student aid programs but identified several areas that must be addressed: program simplification; debt management relief; program integrity; student loan interest rates; and guaranty agency financing. The committee implemented many of those recommendations.

Program simplification

The committee has striven to balance the need for program simplification with the need to ensure the continued integrity of the student financial assistance programs. In particular, efforts have been made to encourage the use and application of electronic technology where its use will be most effective. Examples of this effort can be found in the provisions that: (1) require that nonstate guaranty agencies be able to respond to electronic inquiries; (2) authorize borrowers and lenders to provide loan disbursement and loan repayment information through electronic as well as written means; (3) permit institutions to develop electronic exit counseling programs that will provide individualized financial counseling; (4) permit borrowers to request deferments electronically, (5) require the Secretary to develop and implement a master promissory note; and (6) allow students borrowing under the FFEL program to use the FAFSA (including the FAFSA on the web) as their student loan application.

The committee has also worked to reduce unnecessary paperwork and to provide regulatory relief to institutions with low cohort default rates. While many of these improvements will be invisible to the borrower, they offer great promise for improving the efficiency of the delivery system. In this spirit, S. 1882 exempts institutions with cohort default rates of 5 percent or less from the obligation to delay the disbursement of loans provided for first-year students and from the obligation to provide multiple disbursement for loans provided for the final semester of a student's final year of a baccalaureate program. In addition, the committee has included a provision that reduces the amount of unnecessary information that an institution of higher education must transmit to a lender as part of the loan certification and origination process. The committee estimates that these provisions will provide regulatory relief to more than 2,000 institutions of higher education.

Debt management relief

The committee is deeply concerned about the rapidly escalating debt burden that students are being asked to shoulder. S. 1882 provides students with Federal Family Education Loan program debt equal to or greater than $30,000 to elect to repay their debt under graduated or extended repayment terms. In addition, the committee bill allows students to receive the benefit of a forbearance of payments on their student loans immediately upon request even though all of the documentation needed to verify eligibility for the forbearance is not yet available. Lenders and students will have 60 days to collect the appropriate paperwork and interest will not be capitalized during this 60-day period. Finally, S. 1882 simplifies the rules governing loan consolidation to permit a student to include within a subsequent consolidation loan any loans that were originated prior to an earlier consolidation loan. Under current law

these loans lose all eligibility for consolidation within the FFEL program.

The committee bill as reported also contains a provision that permits the Secretary of Education to offer incentives to encourage borrowers to maintain timely repayment histories. These incentives may only be offered if the Secretary determines that the incentives will not result in any increased program costs and are in the best interest of the Federal Government. The committee looks forward to working closely with the Secretary to further explore cost effective ways to encourage students to repay their student loans in a timely fashion.

While the committee chose not to raise student loan limits, we are very supportive of the Secretary of Education's efforts to provide additional support to students who would have formerly qualified for the Health Education Assistance Loan program. HEAL was administered by the Department of Health and Human Services and provided loans to assist students pursuing advanced health degrees. In recognition of the high costs, HEAL had substantially higher loan limits than guaranteed or direct student loans. However, the program was administratively complex and duplicative of the Department of Education's student loan programs and was eliminated by Congress in 1995. While the committee is pleased that the Secretary has used his existing authority to raise loan limits for students attending institutions that participated in the HEAL program until 1995, the committee strongly believes that the Secretary should extend this flexibility to students who participated in the HEAL program during the 4 years prior to its elimination. This would ensure that students at institutions that responded responsibly to the likely elimination of the HEAL program with an early transition out the program are not unfairly penalized.

Program integrity

S. 1882 retains the current cohort default rate provisions that prohibit institutions from participating in the FFEL and Federal Direct Loan programs if their cohort default rates exceed 25 percent for 3 consecutive years. The committee is concerned, however, that too many institutions are abusing the appeal process to the detriment of students. In order to further protect the Federal interest, the committee bill requires that if an institution elects to continue to participate in the student loan programs while appealing a loss of eligibility resulting from a high default rate, the institution must provide the Secretary with a letter of credit that is sufficient to cover the institution's potential liabilities. If the institution is unsuccessful in its appeal, the institution shall be required to pay the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary with respect to loans made to the institution's students under this part.

The committee recognizes, however, that penalties that are tied to cohort default rates may unfairly penalize some institutions with low student loan participation rates. As a result, S. 1882 has provided a special rule that exempts institutions with a participation rate index of .0375 for any of the 3 most recent fiscal years from

the sanctions that result from exceeding the threshold cohort default rate. In addition, the committee has provided institutions of higher education with the authority to elect to chose the loan programs in which they will participate. This will allow low-cost institutions, like community colleges, to elect to participate only in the subsidized or unsubsidized FFEL or Federal Direct Loan programs.

In addition, the committee bill acknowledges the special challenges faced by HBCU's and Tribal Colleges. Provisions have been included that require such institutions that have high default rates to work closely with the Secretary to develop and implement a default management plan that will bring their institutional cohort default rates down below 25 percent. The Secretary is authorized the terminate the program eligibility of an institution that fails to meet the requirements of this provision.

Guaranty agency financing

The new guaranty agency financing model included within the reported bill is the product of consultations with the guaranty agencies, lenders, and the Department of Education. The goal of the model is to achieve cost-savings and efficiencies in the delivery and administration of student aid while ensuring that students, lenders, the Federal Government and institutions of higher education receive high quality service. In order to achieve cost-savings, the model recalls $200 million in reserve funds to the Federal Treasury. Between this recall, and the $1 billion recall mandated by the Balanced Budget Act of 1997, guaranty agencies will return over $1.2 billion in reserve funds to the Treasury over the next 5 years.

In order to encourage greater administrative efficiency and improve customer service, the model places all current Federal reserve funds in a new Federal Student Loan Reserve Fund. Assets contained within this fund are the sole property of the Federal Government and may only be used for the payment of lender claims and the payment of default prevention fees. None of these funds, including the interest earned on these funds, may continue to be used for the operation and administration of the agencies. Instead, the guaranty agencies will be authorized to establish a new agency operating fund out of which they must cover the costs of operating the guaranty agency, including, but not limited to: originating and servicing loans, preventing defaults, collecting on defaulted loans, lender and institutional training and oversight, and outreach to students, parents, teachers, and guidance counselors.

Under current law, all funds administered by a guaranty agency are the property of the Federal Government and subject to recall by the Secretary or the Congress. As a result, guaranty agencies have little incentive to operate more efficiently. Under the new model, the Federal Student Loan Reserve Fund will remain the sole property of the Federal Government but guaranty agencies will be required to establish their own operating funds. Federal assets contained within the reserve fund will be protected and their use will be strictly regulated by the Secretary. By the end of 5 years, guaranty agencies will be required to fund their operations totally out of fees received for the provision of services and will be able

to benefit from any operating efficiencies they achieve with regard to their own operating fund.

The new model also increases the incentives to prevent default by increasing guaranty agency risk sharing. Under current law, the Federal Government reimburses guaranty agencies for 98 percent of the outstanding principal and applicable interest of a defaulted loan that a guaranty agency must pay to a lender in response to a lender claim. Under the new model, the Federal Government will reduce this reimbursement to 95 percent. The new model creates further incentives for default prevention by decreasing the amount of funds retained by a guaranty agency on defaulted loans from 27 percent to 24 percent. The new model further encourages default prevention by reforming preclaims and supplemental preclaims assistance and replacing it with a new payment for default aversion. Under current law, guaranty agencies are reimbursed for loans that do not go into default. Critics of this approach have expressed concern that guaranty agencies are being reimbursed whether or not the borrower has established a consistent repayment pattern that keeps the borrower from reentering default. Under the new model, guaranty agencies will only receive a default aversion fee for those accounts that the borrower actually brings current. In addition, guaranty agencies will only receive a default aversion fee once on any student loan unless the student remains current for 24 consecutive months before once again becoming delinquent.

The new model attempts to more clearly define the services for which guaranty agencies will be reimbursed and links them more directly to the sources of revenue. Revenue and assets that remain the property of the Federal Government are clearly protected in order to ensure their continued availability and proper use. Guaranty agencies will be able to invest nonfederal funds in new technology, training, and service improvements for the benefit of students, institutions of higher education, lenders and the Federal Government. Guaranty agencies will also be permitted to use their funds for other student financial aid activities, including mentoring programs, State grant and scholarship programs, early intervention programs, and other services that meet the local needs of students, families, and institutions of higher education within the States they serve.

S. 1882 also includes a new provision that authorizes the Secretary of Education and guaranty agencies to enter into voluntary flexible agreements in lieu of their existing participation agreements. Under these agreements, the Secretary is authorized to waive requirements under subsections (b) and (c) of section 428 but may not waive any statutory requirement pertaining to the terms and conditions attached to student loans, default claim payments made to lenders, or the prohibitions on inducements. The purpose of these agreements is to provide the authority to experiment with new and innovative methods for carrying out the types of activities currently required of guaranty agencies. The committee looks forward to working closely with the Department to ensure that this authority is effectively and appropriately utilized.

Interest rates

As the committee began to prepare for the reauthorization of the higher education act, two concerns were brought clearly into focus. First, that college costs were escalating at a rate that far exceeded growth in family income. Second, that as a result, students were being asked to shoulder an ever greater debt burden in exchange for the benefits of a college education. These debt burdens are beginning to play a significant role in the life decisions that these college graduates must make as they consider whether they can afford to start a family, buy a house, or pursue meaningful but lower-paying careers in fields like teaching or public health. In addition, with the increased use by borrowers of extended repayment options, the impact of student debt will extend far into the latter days of a student's career. The committee is concerned that many of these borrowers will be repaying their student loans at a time when they should be investing heavily in their retirement.

These observations provided the backdrop for one of the most challenging tasks that the committee has faced during this reauthorization. In 1993, when the Student Loan Reform Act was being drafted, its authors anticipated that the Federal Government would shift entirely from the FFEL program to the Federal Direct Loan program. A transition provision was included in the law, which changed the way that student loan interest rates will be calculated effective July 1, 1998. This change was primarily intended to more accurately reflect the way that the government accounts for the Direct Lending program. The consequences for student borrowers, however, would be dramatic. There is general agreement that, if this interest rate is allowed to go into effect, it will become unattractive for lenders to continue to participate in the Federal Family Education Loan Program. On the other hand, students in both programs have been eagerly anticipating a sharp reduction in the interest rate they must pay on their loans based on provisions contained within current law.

The transition to Direct Lending that was envisioned by this provision has not materialized. The Direct Loan Program, which now handles only about 32 percent of total loan volume, is not in a position to pick up the slack if there is significant disruption in the FFEL program. In recognition of this, the Department has attempted to develop a plan to use Sallie Mae and the guaranty agencies as lenders of last resort should the Congress fail to address the interest rate problem prior to July 1, 1998.

The committee confronts the challenge of trying to provide students with the lowest viable interest rate on their student loans while ensuring sufficient lender participation to preserve open and full access to student loans. After nearly a year of consultations with students, lenders, representatives of the higher education community, the administration and financial services experts, the committee has put forward a compromise interest rate package. This package sharply reduces lender yield by 30 basis points while allowing students and their families to enjoy the significant interest rate reduction that they have anticipated. This solution is by no means perfect but it promises to preserve the stability of FFEL program for the nearly 4 million students and their families who depend upon these loans each year.

Study of market-based mechanisms for determining student loan interest rates

As the committee has wrestled with its desire to balance the twin objectives of reducing the interest rate paid by students and preserving access to loans under the FFEL program, several analysts have recommended using market-based mechanisms to establish student loan interest rates. Market-based mechanisms, while attractive at first blush, quickly reveal themselves to be far more complicated to design and implement than is often fully appreciated. Student loan programs are designed primarily to offer a social benefit—that is, to offer loans, at reasonable rates, to students without respect to credit history, educational program, loan size, geographic location, or potential as a consumer of future credit products. Market-based mechanisms, if they are to be implemented, must be designed carefully to ensure that all students continue to have equal access to student loans without regard to any particular characteristics of the borrower or their program of education.

In an effort to answer some of these concerns, the committee directs the Secretary of the Treasury to conduct a study of the feasibility of employing market-based mechanisms. After consultation with students, lenders, secondary markets, guaranty agencies, borrowers, and institutions of higher education, the Secretary of the Treasury is required to analyze the potential impact of these mechanisms on the delivery of student aid, the implications for students and institutions of higher education with regard to access to student loan capital, and provide a plan for structuring and implementing a mechanism in a manner that ensures the cost-effective availability of student loans for students and their families. This report shall be provided to the committee on Labor and Human Resources no later than September 30, 1999.

Loan forgiveness for teachers

The committee's emphasis on a revitalized teacher training program, the new title II of the Higher Education Act, is testimony to its clear conviction that well-prepared teachers are the foundation of a strong educational system. A solid curriculum combining content knowledge and teaching skills, however, can only be beneficial if students preparing to become teachers are the most highly motivated of their college peers. Too often, the most talented students shy away from teaching careers because they are able to earn higher salaries—and repay their student loans faster—in other career fields. The shortage of excellent teachers is even more of a problem in high-poverty schools, particularly when nearly half of urban teachers leave those positions within their first 5 years.

To address this concern, the committee has authorized a loan forgiveness for teachers to support and encourage the best people to teach in schools with high need. Sections 432 and 459 of the bill amend the Higher Education Act with a revised Loan Forgiveness for Teachers program authorizing a mandatory loan forgiveness program. The Secretary is required to repay through the holder of a loan certain subsidized loans made under section 428 and under part D of the Higher Education Act. New borrowers become eligible

when they have been employed as full-time teachers for 3 consecutive, complete school years in a high-poverty school.

To participate in this program, elementary school teachers must demonstrate through certification or licensure requirements knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and secondary school teachers must be certified as teaching in a subject area that is relevant to the borrower's academic major. Borrowers who meet these criteria are eligible for forgiveness of 30 percent of the total outstanding amount and applicable interest of subsidized Stafford loans made under part B or Federal Direct/Stafford/Ford loans made under part D after the fourth and fifth complete years of teaching in a high-poverty school and 40 percent after the sixth complete year, for a total amount of no more than $10,000 per borrower. Borrowers in default on a loan for which the person seeks forgiveness are excluded from participation.

Child care loan forgiveness program

The committee has authorized a new child care loan forgiveness program in part B, section 428K of the Higher Education Act. This provision is based on the Quality Child Care Loan Forgiveness Act introduced by Senators DeWine and Wellstone with minor modifications. It authorizes a demonstration program, administered by the Secretary, that provides student loan forgiveness to individuals who earn a degree in early childhood education or related fields and obtains employment in a child care facility. The committee has authorized $10 million for this section in 1999 and such sums as may be necessary for the 4 succeeding fiscal years.

The committee recognizes the extraordinary need that exists today for quality child care. Nearly 13 million infants, toddlers and preschool children are enrolled in child care. In just 20 years, the percentage of children enrolled in child care has soared from 30 percent in 1970 to 70 percent in 1993. Nearly 88 percent of children whose mothers work full-time and 75 percent of children whose mothers work full-time and 75 percent of children whose mothers work part-time are enrolled in child care. Recent studies have shown that more than 80 percent of child care centers provide mediocre or poor-quality services. The indications are that a mere 14 percent of the centers surveyed met levels of quality that were high enough to adequately support a child's development.

With the growing number of children enrolled in child care, it is clear that there is a growing need for well-educated, well-trained child care providers. The program authorized in this section addresses the critical needs of the early childhood education profession by providing incentives that encourage highly educated and better trained staff members to work in America's child care facilities, a need that the committee believes deserves national attention.

Part C—Federal Work-Study Programs

Like the other campus-based programs, the committee believes that the Federal work—study program is fundamentally sound and has recommended minor changes to the program that are intended to provide added flexibility and simplification to improve the pro-

grams for participating students. The work-study program benefits a great many students nationwide. Currently, there are 3,399 institutions of higher education nationwide participating in the Federal Work-Study program serving 713,000 students with an average award of $1,065.

In general, and to the maximum extent practicable, the committee supports the view that work-study employment should be aligned with the student's educational purpose. The committee wishes to clarify that Federal Work-Study assistance is currently available to graduate students and reiterates support for the maintenance of that provision. In addition, the committee has included a provision intended to clarify that internships or research assistantships are appropriate areas of placement for eligible students under the work-study program.

The committee maintains a strong commitment to the work-study program and has included language increasing the authorization level for the Federal Work-Study program to $900 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

During hearings related to the reauthorization of the Higher Education Act, the committee received testimony from Charles Puls, associate financial aid director for Dartmouth University, in Hanover, NH who emphasized the importance of ensuring flexibility in the work-study program to meet the varying needs of students and institutions. In an effort to encourage community-service placements, provisions have been included that make it possible for schools to count certain jobs on campus as community-service activities. These include the provision of child care services on campus and assistance provided to students with disabilities. These changes to the definition of community service will assist institutions of higher education located in rural areas meet the current requirements of the law, as well as provide beneficial services on campus to individuals in the community, including the campus community. The committee has provided authority allowing for a higher Federal contribution for community-service jobs. The committee believes that this change will make it easier for colleges to fulfill the 5-percent requirement for community service and support the engagement of students with their communities.

In an effort to reduce burdensome requirements, the current reference to setting aside a specific percentage of grant funds to less than full-time or independent students has been eliminated. This change is consistent with the change made in the other campus-based programs. Work-study funds are currently readily available to less than full-time and independent students and the required monitoring of the current law increases the administrative burden to institutions without providing any advantage to the intended recipients. Finally, the legislation deletes the requirement that Federal work-study-equivalent institutional employment be available to all students desiring such employment.

The committee has continued the authorization for the Work Colleges under section 488 of the Higher Education Act and increased the authorization level for the program to $7 million. Presently, 6 institutions carry out comprehensive work, community service, and learning initiatives as part of their regular academic program for

all students. The Work College program represents a positive approach and model for encouraging academic achievement, student persistence, and community service among young people, while at the same time reducing their dependence on student borrowing to pay college costs. The committee supports the Work Colleges' efforts to encourage other institutions of higher education to explore this approach to baccalaureate degree study, and to evaluate the effectiveness of work-service-learning on students' self-sufficiency, academic persistence and postgraduate community service. The committee also supports additional funding for the Work Colleges as part of increases provided through the Federal Work-Study program.

Part D—William D. Ford Federal Direct Loan Program

Established in 1993, the Direct Lending program had served over 2.7 million borrowers as of September 30, 1997, and nearly 1,300 schools participated in academic year 1996–97. Most observers agree that Direct Lending has injected a healthy competition into both student lending programs, which has greatly benefited students and institutions. The committee is committed to maintaining two strong loan programs.

Part E—Federal Perkins Loans

The Federal Perkins Loan program provides funds to institutions of higher education to make available low interest loans to undergraduate and graduate students with financial need. In fiscal year 1997, this program had an average loan volume of $1.058 billion and served 788,000 students. The Perkins program has made a substantial difference in increasing access to postsecondary education for low-income students by offering low-interest loans. Perkins loans are administered by schools, thus leading to greater quality control by allowing participating institutions to operate the program efficiently in a way that best serves the needs of its students. Through the Perkins program, institutions are able to bridge the gap between the borrower's true need and the aid provided by other need-based programs, such as grants and FFELP and Direct Loans, and to provide an important supplement to these programs.

The committee strongly supports the Federal Perkins Loan program. While the committee believes that the program is fundamentally sound, it has included a number of changes to the Perkins program designed to strengthen the integrity of the program, provide for greater institutional flexibility, and increase benefits to student borrowers. It is the committee's hope that these changes will engender even broader congressional and administration support for the Perkins program.

The committee has made changes relating to eligibility of institutions of higher education in the Federal Perkins program and to definitions used with regard to defaults. The committee has included a provision to clarify that the default rate used in the Perkins program is a cohort rate. Under this provision, an institution will be denied a Federal Capital Contribution (FCC) for a fiscal year if its cohort default rate is 25 percent or greater—a more stringent FCC cut-off level than the 30 percent rate in current law. The requirement that an institution submit a default reduction

plan if its cohort default rate equals or exceeds 15 percent is eliminated. The committee recommends these changes in an effort to make the Perkins program consistent with the other Federal loan programs authorized in the Higher Education Act. In addition, if an institution has a cohort default rate that equals or exceeds 50 percent for the 3 most recent years for which rates have been calculated, that institution will lose its eligibility to participate in the Perkins program. Loss of eligibility is defined in S. 1882 as the mandatory liquidation of the institution's Perkins Loan fund. S. 1882 allows institutions to appeal the loss of eligibility on the basis of inaccurate data used to calculate the institution's cohort default rate and the existence of exceptional mitigating circumstances, such as small number of borrowers entering repayment, as regulated by the Secretary of the Department of Education. The committee adopted this provision in response to data that showed extraordinarily high default rates for a small number of institutions.

It is the committee's hope that these combined changes will provide an incentive to institutions participating in the Perkins program to reduce defaults and improve administration of the program, particularly in the area of loan servicing and collection, as well as to improve the overall integrity of the Perkins Program.

The committee has authorized an increase in the maximum Perkins loan available to students. Undergraduate students will be eligible for $4,000 Perkins loans and graduate or professional students for $6,000 loans. The aggregate maximum will be $20,000 for undergraduates, $40,000 for graduate or professional students. These new loan limits correspond to the maximums authorized in the Expanding Lending Option program. Because the committee has recommended increasing loan limits for all participating institutions, the ELO program has been eliminated. In 1998–99, only 32 schools had opted to participate in ELO. With fewer schools choosing to participate in ELO each year, the committee believes that this change is prudent and will simplify the administration of the program for all participating institutions. However, the committee commends the efforts of colleges that overmatch Federal Perkins funds and continues to encourage colleges to contribute above the match and thereby extend the reach of Perkins loans.

The committee has included a new provision that allows for higher loan limits for students who are committed to teaching in high need areas. A student who makes a commitment to teaching in an area that qualifies for loan cancellation under the Perkins program will be eligible for a maximum Perkins loan of $8,000 in the third and fourth year of the student's baccalaureate program and $10,000 for the first year of graduate study. The committee has included reporting requirements and possible sanctions in an effort to monitor institutions' use of the increased loan limits for this purpose and to ensure appropriate application of the program. The committee believes that authorizing higher loan limits for teachers will encourage more qualified students to pursue careers in teaching by making the amount of loan cancellation for which they are eligible for more substantial.

The committee has included a provision to clarify an institution of higher education's role in reporting information on Perkins loans to credit bureaus, the information to be reported on a loan on an

ongoing basis, and the required frequency of reporting. Further, S. 1882 makes changes to section 463(c) of the Higher Education Act to eliminate the prohibition on reporting on the status of a borrower's account, specifically negative credit information on defaulted Perkins loans, beyond 7 years, and requires instead, that information be reported until the loan is paid in full. These changes represent a simplification effort and provide consistency between the statute of limitations for collecting loans and the period for reporting negative credit information. The committee believes that reporting of defaulted loans to credit bureaus is an effective tool and should be available to institutions and the Secretary of Education for the entire period that loan collection is allowed.

As in the other campus-based programs, the committee, in an effort to reduce burdensome requirements, has eliminated the current reference to setting aside a specific percentage of Perkins loan funds to less than full-time or independent students. Perkins loan funds are currently readily available to less than full-time and independent students and the required monitoring of the current law increases the administrative burden to institutions without providing any advantage to the intended recipients. This provision will reduce institutional administrative burden while assuring that less than full-time and independent students will continue to receive the Perkins loan assistance that they are eligible for.

For purposes of clarification, the committee has included a new provision that defines borrower default in the Federal Perkins program outside the standard used to calculate an institution's annual cohort default rate. The new definition provides that a borrower is in default if the borrower fails to make scheduled payments when due for 180 days, for a loan paid in monthly installments, and 240 days, for a loan paid in less frequent installments. This definition is comparable to that used for borrower default in the FFEL and FDSL Programs and will create one uniform standard of borrower delinquency and default in the Perkins loan program and across all the title IV student loan programs. The new definition has no impact on the standard used to calculate an institution's cohort default rate.

The committee has included a number of new sections to the Perkins loan program designed to provide benefits and protections to students. In an effort to protect students, the committee has included a new subsection that provides for the discharge of a Federal Perkins loan made on or after January 1, 1986 to a borrower who is unable to complete the program of study due to the closure of the institution of higher education. The Perkins loan discharge provision is comparable to the closed school loan discharge provided to FFEL and FDSL borrowers in section 437 of the Higher Education Act. As with the FFEL and FDSL discharge provision, the Perkins Loan amendment provides that upon discharge, the borrower will regain eligibility for additional title IV student assistance, notwithstanding any prior default on the discharged loan, and that the Secretary or institution shall report the discharge to credit bureaus.

A new section is added in S. 1882 that provides specific authority in the Federal Perkins program for rehabilitation of defaulted Perkins loans. Similar to the loan rehabilitation program for defaulted

borrowers in the FFEL and FDSL programs, the program will allow a defaulted Perkins borrower who makes a significant effort to reenter repayment on the loan by making twelve on-time, consecutive, regularly scheduled monthly payments on the loan to regain eligibility for additional title IV assistance, to clear credit bureau records of the default, and to regain all program benefits on the loan.

Finally, the committee has included the authority for institutions to establish incentive repayment programs to encourage good repayment habits, reduce defaults, and accelerate the replenishment of the institution's Perkins fund so additional Perkins loans may be made. Institutions may reduce the interest rate charged to borrowers by no more than 1 percent for borrowers who make 48 months of consecutive, regular on-time monthly payments, offer a reduced balance on the loan of not more than 5 percent of the outstanding principal balance for accelerated payment in full, and provide other incentives that may be identified by the institution as approved by the Secretary of Education. Similar incentive programs exist through lenders in the FFEL program and a program that has been authorized under specific circumstances elsewhere in the bill for borrowers in the Federal Direct Loan program. The committee intends that this program will be carried out without any negative impact on the institutional Perkins loan revolving account.

The committee would like to encourage the Department of Education to provide participating institutions timely reimbursement of Perkins loan cancellations consistent with the provisions of the Prompt Payment Act.

The committee has repealed section 467(c) of the Higher Education Act that authorizes the Secretary's establishment of a Perkins loan revolving fund at the Department of Education into which program collections and other funds would be deposited for redistribution to institutions for use in making Perkins loans. These funds will now be returned directly to the Department of the Treasury to support other title IV student benefits.

It is the committee's view that the changes made to the Perkins program will strengthen program integrity and institutional flexibility and result in increased benefits to students.

Part F—Need analysis

The committee is largely satisfied with the need analysis provision adopted during the 1992 reauthorization of the Higher Education Act. In weighing the many recommendations made by the higher education community relating to need analysis, the committee was ever mindful of how changes made in part F impact the overall costs of the Pell Grant program. It was the intent of the committee to make responsible authorizing changes intended to benefit students while not putting in jeopardy the current Pell Grant maximum or the possibility of increases in the Pell Grant maximum in the future. With that goal in mind, the committee has made a number of changes to Need Analysis in an effort to ensure a more even-handed treatment of earnings and simplify provisions in part F.

As recommended in legislation introduced separately by Senators Dodd and Collins, the committee adopted increases in the income

protection allowances (IPA) for dependent students so as to protect more of the dependent student's income from consideration for purposes of determining Federal financial aid. The committee has recommended providing an IPA of $2,200 for dependent students.

The committee has also included additional provisions designed to assist the dependent student. The provision included in part F of the Higher Education Act adds a dependent student offset in the amount of the negative adjusted parental available income in recognition of situations in which students contribute directly to the support of the family. The inclusion of this provision ensures that for our Nation's financially needy families, a dependent student's earnings that are necessary to meet the family's living expenses will not be considered when determining eligibility for Federal financial assistance. Further, the committee has recommended prorating a dependent student's contribution for a period of enrollment of less than 9 months so that aid, particularly loans, for these shorter periods, is calculated properly and the student's eligibility is not inappropriately reduced.

The committee recognizes the need to address the treatment of earnings of the independent student as well. The committee adopted increases in the income protection allowances (IPA) for independent students so as to protect more of the independent student's income from consideration for purposes of determining eligibility for Federal financial aid. IPA changes were adopted for single independent students and for independent married students where both are enrolled in school, increasing that level to $4,250. The IPA was increased for married independent students where one is enrolled in school to $7,250. This change will restore eligibility of a great many nontraditional students for Pell Grants.

To further ensure the appropriate treatment of dependent and independent student earnings, the committee has indexed all the IPA increases for inflation. Requiring that the IPA levels continue to grow and keep pace with inflation will provide an appropriate protection of student earnings in the future.

Other changes adopted by the committee are intended to simplify and streamline part F. In an effort to simplify the act, the authority that financial aid administrators have to reduce or deny loans has been moved from section 428(a)(2)(F) in the Higher Education Act to a section entitled "Discretion of Student Financial Aid Administrators," found in section 479A of the act. The committee would encourage financial aid officers to utilize this important discretionary authority where there are concerns about a student's ability to repay or responsibly handle this debt. In addition, the committee notes that financial aid administrators may take into account the unusually high living expenses that affect some military personnel when exercising professional judgement. The committee also wishes to clarify that financial aid administrators have the discretion to grant changes in a student's dependency status and urges them to use this authority as appropriate. In addition, the committee has simplified section 472 of the act relating to Cost of Attendance. The requirement that Cost of Attendance include a cost-of-living minimum amount for all populations is removed. The committee made this change in an acknowledgment that current minimum cost of living expenses required to be included in the cost

of attendance are too high at some schools and in certain areas of the country. In eliminating this arbitrary minimum, schools will be able to determine the amount of living expenses that are appropriate based on local conditions and not be constrained by a minimum requirement.

Part G—General provisions relating to student assistance programs

Master calendar

The Master Calendar provisions of the act are amended to require the Department, to the extent feasible, to publish minimal software and hardware requirements by December 1 prior to the start of an award year. The committee recognizes there may be circumstances when publication of such requirements is not possible prior to December 1, but expects such circumstances will be rare. To assure the effective administration of title IV programs, information regarding computer hardware and software standards should be made available as early as possible. Institutions of higher education need sufficient time to purchase or install the necessary hardware and software, and vendors need sufficient time to produce acceptable products that meet or exceed Federal standards.

The committee is also interested in assuring that institutions have sufficient time to complete FISAP's and encourages the Department to establish October 1 as the date for the submission of these institutional applications for campus-based funds.

The bill also amends the provisions of this section that require the Secretary to publish any regulations affecting the Federal student assistance programs by December 1 in order for those regulations to be applicable to the following award year by moving the publication deadline to November 1. The Secretary is authorized to designate regulatory provisions that institutions or other entities may choose to implement before the otherwise applicable effective date. No institution or entity would be required to implement a regulatory requirement in advance of the effective date of the requirement. The committee believes that these changes will provide the Secretary and program participants with greater flexibility, as well as more lead time, in implementing regulations.

Forms and regulations

The Forms and Regulations section of the act is amended to: permit borrowers seeking loans under part B to utilize the Free Application for Federal Student Aid as their loan application; require the Secretary, in consultation with the States, to include data items needed to assist the States in awarding State student financial assistance; require the Secretary to request the social security number of parents of dependent students seeking financial assistance under this title; permit the Secretary to require that the common reporting form be used for the purpose of collecting eligibility and other data for purposes of part B, including the applicant's choice of lender; permit the Secretary to pay third parties for data that the Secretary considers essential to the efficient administration of the programs under this title; and require the Secretary to

develop and implement a multiyear promissory note for loans made for periods of enrollment beginning on or after July 1, 2000.

Student eligibility

The bill amends the Student Eligibility section of the act to clarify the eligibility of home-school graduates for title IV assistance. It has come to the attention of the committee that some graduates of home schools are being required to demonstrate their "ability-to-benefit" from postsecondary education by taking the General Educational Development (GED) or equivalent test in order to obtain Federal student financial aid. In some cases, students who have already been admitted to an institution of higher education on the basis of high scores on standardized tests such as the ACT or SAT have then been required to take the GED to qualify for financial aid. The committee does not see the value in requiring students to undergo additional types of standardized testing in such circumstances. A 1994 study of standardized test scores of 16,000 home-educated students found their mean performance in language skills at the 79th percentile nationwide and their mean performance in mathematics at the 73rd percentile. Overall, more than half of the students studied achieved national scores in the top quarter of the population. To address this matter, the bill includes a provision clarifying that a student who has completed a high school education in a home school setting and has met any State requirements with respect to such education is not required to take an additional test in order to establish title IV eligibility.

In addition, the committee adopted an amendment offered by Senator Gregg to prohibit title IV grant, loan, or work assistance to any student convicted of a drug-related offense. The ineligibility period for a first offense for possession is 1 year, for a second offense 2 years, and for a third offense is indefinite. The ineligibility period for a first offense for sale of a controlled substance is 2 years and for a second offense is indefinite. A student may resume eligibility before the end of the specific period if the student completes a drug rehabilitation program approved by the Secretary.

This section of the bill also requires the verification of IRS return information.

Refunds

The Institutional Refunds section of the act is amended to remove the reference to accrediting agency approved refund policies from the list of policies to be compared to determine which produces the largest amount, as the Secretary has never approved any accrediting agency refund policy.

In addition, S. 1882 replaces references to the "last day of attendance" with the "day the student withdrew," which is defined as the last recorded day of attendance by the student or—in instances where attendance is not recorded—either the day on which the student began the withdrawal process prescribed by the institution or the day the student otherwise provided notification to the institution of the intent to withdraw. The bill also includes provisions requiring institutions to make available to all students the institution's requirements and procedures for student withdrawal and the

consequences to the student with respect to receipt of refunds in the event the student fails to provide notification of withdrawal.

The purpose of this change is to emphasize that students, as well as institutions, have a responsibility to assure that required refunds are made and to ease the administrative difficulty of institutions in determining the "last day of attendance." Although the committee believes that a student should take responsibility for notifying the appropriate institutional representative of his or her intention to withdraw, the committee does not wish to open the way for the establishment of elaborate, formal withdrawal processes that few students are likely to complete. It is the expectation of the committee that most students will comply with the withdrawal procedures established by the institution, but a student's receipt of required refunds will not be precluded in instances where the student notifies the appropriate institutional representative through a less formal process.

Institutional and financial assistance information for students

The bill amends provisions of the act requiring institutions to provide institutional and financial assistance information to prospective and enrolled students by clarifying that prospective students are those who have expressed interest in applying for admission, as opposed to those merely "requesting information" and by clarifying that the requirements of this section may be met if an institution provides annually to all enrolled students a list of the required information, along with a statement of the procedures required to obtain the information.

Recognizing the increased use of electronic media by institutions and students, the bill also clarifies that required information may be made available through such media and that an institution may utilize electronic means to provide personalized exit counseling. With respect to the provision of institutional and financial assistance information to enrolled and prospective students, the committee intends that the option to provide the required information through electronic media be used only in instances where students have ready access to computers or any other equipment required to receive the information.

Disclosures required with respect to athletically related student aid

The bill makes several changes to provisions of the act dealing with information regarding athletically related student aid. Language is added to clarify that the provision of comparable data by a national collegiate athletic association to all secondary schools satisfies the requirements that information be disclosed to a prospective student athlete's guidance counselor and coach. Currently, the National Collegiate Athletic Association collects and sends to every high school the same information required under the student right-to-know provisions of the act. In addition, duplicative requirements relating to the reporting of athletically related expenses and revenues are consolidated into a single section of the act, allowing institutions to produce only one report.

A new reporting requirement is added that provides that institutions make a statement of any reduction that will, or is likely to, occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport or in the resources made available to such sport, to the extent the reduction is known. The committee is aware of concerns about the elimination or substantial curtailment of sports at institutions of higher education, particularly nonrevenue-generating sports. The disclosure requirement included in S. 1882 represents the attempt of the committee to balance the desire to see that prospective student athletes have pertinent information as they make enrollment decisions against the recognition that many circumstances that could lead to the elimination or curtailment of a sport cannot be anticipated in advance.

The bill also includes provisions drawn from the "Fair Play Act," S. 933, sponsored by Senators Moseley-Braun, Snowe, Kennedy, and Mikulski. By April 1 of each year, the Secretary is required to compile a report that summarizes information reported by institutions regarding intercollegiate athletics, identifies trends in the information, and aggregates the information by divisions of the National Collegiate Athletic Association. The Secretary is to make the report available on the Internet and to notify all secondary schools regarding the availability of this intercollegiate athletics information.

Campus security

The legislation includes provisions designed to build on the Higher Education Amendments of 1992 to improve information about crime and security issues on college campuses. It is the desire of the committee to increase campus safety, primarily by improving the reporting of campus crimes, while minimizing new burdens placed on institutions of higher education.

There is little doubt about the seriousness of this problem. In a 1997 report on campus crime, the National Center for Education Statistics noted the following:

> During each of the 3 years [between 1992 and 1994], institutions reported a total of about 10,000 violent crimes and almost 40,000 property crimes. For 1994, the individual crime composition for violent crimes was about 20 murders, about 1,300 forcible sex offenses, 3,100 robberies, and 5,100 cases of aggravated assault. In the property crime category, institutions reported 28,800 burglaries and 9,000 motor vehicle thefts in 1994 . . . In 1994, institutions reported about 20,400 arrests for liquor law violations, about 7,200 arrests for drug abuse violations, and about 2,000 arrests for weapons possessions.

Even more troubling are allegations by those who have followed this issue closely that crimes on college campuses are vastly underreported.

The legislation updates the list of crimes that must be documented in campus crime statistics. It adds arson as well as crimes that manifest evidence of prejudice based on race, gender, religion, sexual orientation, ethnicity, or disability—provisions drawn from

legislation introduced by Senator Robert Torricelli, S. 1493. The bill also requires institutions to maintain an open daily log that records the nature, date, time, and general location of each crime reported to the local police or campus security. These logs would provide invaluable, regular information to campus communities about incidents of crime. Requiring log entries be disclosed publicly within 2 business days of a crime's occurrence, subject to restrictions, will also provide an important tool for victims to determine the accuracy and timeliness of institutional reporting.

The committee considered proposals to require the disclosure of the names of victims or persons accused of crimes, but determined that such disclosure could discourage victims, particularly of sexual crimes, from reporting those crimes to local police or campus security officers. The bill includes language, however, to ensure that State or local laws that permit or require disclosure of names will not be pre-empted. The committee also considered whether to require university employees, in addition to campus security officers or local police, to report campus crimes. Such a requirement is not included in the bill, due to the concern of the committee that extending it could discourage victims from speaking confidentially with people such as resident assistants, professors, administrators, or athletic coordinators. Instead, the committee strongly recommends that campus officials instruct employees who may be approached by crime victims for consultation to notify students about campus crime policies and procedures, as well as the proper authorities to whom crimes should formally be reported.

Another major problem examined by the committee is the ad hoc manner in which campuses respond once crimes are committed, particularly with respect to sexual offenses. The committee has therefore authorized a year-long study by the Secretary, in consultation with the Attorney General, to examine procedures undertaken after an institution of higher education receives a report of sexual assault. The intent of the committee is that findings from this study inform university administrators about best practices in implementing procedures for responding to sexual assaults on campus.

The bill also amends the General Education Provisions Act to exclude criminal activities from a postsecondary student's educational records. At present, when a student is found guilty of a crime through campus disciplinary proceedings, the charges are included in that student's educational records, which are closed to public scrutiny. The committee believes strongly that such information should be as publicly accessible as other criminal records. In particular, admissions officers at other institutions of higher education should have access to criminal information about a student who might pose a threat to a new campus community.

Information on the costs of higher education

In its final report, released in February 1998, the National Commission on the Cost of Higher Education issued recommendations for controlling the costs of higher education and for improving information for families. The commission addressed its recommendations to institutions of higher education, higher education accrediting bodies, government at all levels, and families alike, noting that

every partner should share in the responsibility for making college affordable and accessible.

The committee takes this charge very seriously and has included numerous commission recommendations throughout this bill. In particular, the commission recommended that better consumer information be made available about the costs and prices of higher education to help people make more informed decisions about college. It further recommended that the U.S. Department of Education collect and make available annual tuition and price data, as well as information about the relationship between tuition and institutional expenditures.

The bill offers a 3-pronged strategy for making this information available. First, it requires that the National Center for Education Statistics (NCES) create common definitions of key concepts (including tuition and fees, other college costs, average financial assistance awards, and average percentage of students receiving financial assistance at an institution of higher education), that institutions report these data annually, and that NCES make this information available publicly through its integrated postsecondary education data systems on an annual basis. The committee shares the desire expressed by the commission that multiple agencies in the private sector use those data for developing college-cost reports or handbooks that are widely disseminated to prospective students, their parents, and the media—in print and over the Internet.

Second, it requires NCES, in consultation with the Bureau of Labor Statistics, to produce a report that would examine expenditures at institutions of higher education (e.g., faculty salaries, administrative salaries and expenditures, academic support services, research, construction, and technology outlays); how such expenditures change over time; and how such expenditures relate to college costs.

Third, it requires NCES, in consultation with the Bureau of Labor Statistics, to develop a "Higher Education Market Basket" that could be used to determine the composition of the costs of higher education to guide future decisionmaking in this area.

Underscoring the strong commitment to the success of this effort, the committee adopted an amendment offered by Senator Dodd that authorizes the Secretary of Education to fine institutions of higher education up to $25,000 for failing to provide accurate and timely information on college costs as required by S. 1882.

Quality assurance program

The bill amends the Quality Assurance Program section of the act to rename it as "Regulatory Relief and Improvement" and to make a number of modifications designed to assure that the program achieves its intended purposes.

It expands the categories of activities for which institutions participating in the Quality Assurance Program (QAP) develop their own management approaches to include processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews. The Secretary may waive regulatory, but not statutory, requirements dealing with reporting or verification that are addressed by the QAP participant's alternative management system. The Secretary would be re-

quired to review the QAP conducted by each participating institution and make recommendations to Congress regarding amendments that would streamline the administration and enhance the integrity of Federal student assistance programs. The purpose of this review is to assure that the alternative approaches are effective in enhancing program integrity and that promising innovations can be considered for broader application.

The bill also requires the Secretary to review and evaluate the experience of institutions participating as experimental sites under the current act, to report to Congress regarding the findings of each of the experiments, and to make recommendations to improve and streamline the act based on those findings. No additional institutions may be selected for participation as experimental sites until the report regarding existing sites is submitted and after consultation with the appropriate committees of Congress.

In the past, Department of Education officials have misinterpreted the experimental site provisions to mean that the Secretary had the unrestricted authority to waive statutes regarding the delivery of student financial assistance. In many instances, this authority has been used, not to engage in regulatory experiments, but to provide selected institutions with special relief from requirements contained within the act.

There is substantial sentiment in the committee for the elimination of experimental site provisions altogether, given the history of the implementation of these provisions by the Department of Education and given that none of these experiments has yet yielded results. The committee has chosen instead to obtain detailed information regarding the experiments now underway and their findings and conclusions, so that a determination of the usefulness of the provisions can be made.

Distance education

The bill establishes a new authority, Distance Education Demonstration Programs, which permits the Secretary to select up to 5 institutions of higher education or consortia for which specified statutory restrictions in part F and part G may be waived. The specific statutory provisions that may be waived include section 472(5) as it relates to computer costs, section 472(10), section 481(a)(3)(A), section 481(a)(3)(B), and section 484(l)(1). Section 472(5) deals with "cost of attendance" for students engaged in correspondence courses, and section 472(10) deals with "cost of attendance" for students receiving instruction through telecommunications. Section 481(a)(3)(A) provides that an institution is not an eligible institution if more than 50 percent of its courses are correspondence courses. Section 481(a)(3)(B) provides that an institution is not an eligible institution if 50 percent or more of the institution's students are enrolled in correspondence courses. Section 484(l)(1) provides that a student enrolled in a telecommunications course that is (in whole or in part) a program leading to a degree will not be regarded as being enrolled in a correspondence course unless more that 50 percent of the courses offered by the institution are telecommunications/correspondence.

In addition, any regulatory requirement that inhibits distance education may be waived for participants in the demonstration.

Demonstration program participants will be subject to ongoing review by the Department and will be evaluated by the Secretary, who will review issues such as student access and outcomes and student financial aid issues. In addition, the Secretary will issue a report to Congress identifying any additional statutory impediments to the expansion of quality distance education programs. An independent evaluation of the demonstration program and of broader issues dealing with distance education quality and student outcomes will be conducted by the National Academy of Sciences, for which up to $1 million will be made available. Based on the evaluations conducted by the Department and by the National Academy of Sciences, the Secretary may in the future select up to an additional 10 participants in the demonstration program.

The committee is aware of the rapid growth in the use of distance education technologies and of the potential of such technologies to expand access to postsecondary education and to reduce costs. During the reauthorization hearings, members of the committee had the opportunity to learn more about one of the most ambitious undertakings in this area—the Western Governors University (WGU). In testimony before the committee, Utah Governor Michael O. Leavitt described WGU as ". . . truly a learning enterprise for the Cybercentury." He went on to note:

> While the WGU is highly complex in its design and deployment, it is based on a very simple premise: In the past, people had to go to campuses to obtain information and knowledge. Today, in the Information Age, information and knowledge will go wherever the people are. That premise might seem rather elementary. But it is revolutionary in its implications for higher education.

Although the committee recognizes the great promise of distance education, the committee recognizes as well the perils of rushing forward and creating an electronic version of the correspondence school abuses that Congress worked so hard to stop in the 1992 reauthorization. In examining this issue, the committee received a large number of comments urging caution—ranging from the Department's Inspector General to the National Education Association and the American Federation of Teachers.

The distance education demonstration program included in S. 1882 strikes a careful balance between the need to keep pace with technological change and the need to protect taxpayer dollars.

It is important to point out that institutions of higher education all over the country are engaging in various types of distance education, and the Higher Education Act is not an impediment. What is at issue is how to deal with situations where more than half of an institution's courses are offered via distance learning or where more than half of the students receive their courses in this way.

The 5 demonstration programs provided for in S. 1882 will include institutions or consortia—such as Western Governors University—permitting those who are ready to go now with an opportunity to participate. In particular, it is the intention of the committee that the WGU initiative is one that could be included in the initial demonstration program.

In addition, the bill builds in an evaluation of the kind of information that is needed—but that is not now available—for the orderly expansion of quality distance education programs. No one has all the answers, and to some extent, no one is even sure what all the questions might be. The committee looks forward to reviewing any proposed statutory changes to enhance the use of distance education, which is to be provided by the Secretary as part of the evaluation process.

Advisory committee on student financial assistance

The bill extends the authorization of Advisory Committee on Student Financial Assistance (ACSFA) through October 1, 2004, and makes several changes to enhance the independence of the committee. The minimum level of ACSFA funding is increased from $750,000 to $800,000.

In addition, the special analyses and activities to be conducted by ACSFA are revised to include review of: the modernization of student financial aid systems and delivery (including the implementation of a performance-based organization within the Department), the feasibility and degree of use of appropriate technology, and the implications of distance education on student eligibility and other requirements for financial assistance. The committee is also directed to make recommendations to the Secretary regarding his review of redundant or outdated sections of the act and regulation.

The committee relies on ACSFA as an independent source of knowledge and technical expertise postsecondary programs and has maintained the requirement in the current act that at least 7 of the 11 members of the committee be appointed "on the basis of technical qualifications, professional standing and demonstrated knowledge in the fields of higher education and student aid administration, need analysis, financing postsecondary education, student aid delivery, and the operations and financing of student loan guarantee agencies." The committee is aware of support for greater diversity in the membership of ACSFA and encourages efforts to be made during the appointment process to assure that ACSFA members represent a broad and representative range of postsecondary institutions.

Negotiated rulemaking

The bill continues negotiated rulemaking and adds part D to the parts (B, G, and H) that were subject to negotiated rulemaking following the 1992 reauthorization. In addition, negotiated rulemaking is required for developing all regulations for student loan programs. The negotiated rulemaking process was first used for higher education programs in 1992 and was generally well received by those who participated in it. The committee believes that the collaborative process used in negotiated rulemaking enhances the understanding of all parties of the issues involved.

Part H—Program integrity triad

In this legislation, the committee maintains its past commitment to assuring the integrity of Federal student aid programs. The 1992 amendments to the act made great strides in this area, and the

committee has made every effort to preserve these accomplishments.

Among the most important elements in assuring that tax dollars supporting student aid programs are effectively used is the process by which institutions become eligible to participate in those programs. Traditionally, this gatekeeping process has relied on the joint efforts of the so-called "Triad": State licensure, private accreditation, and Federal eligibility and certification. In order to participate in Federal student aid programs, an institution must be licensed in the State in which it operates, be accredited by an agency recognized by the Secretary, and be certified by the Department of Education.

The committee continues to believe this concept is a sound one. It divides responsibility among the State, private, and Federal sectors on the basis of the strengths each bring to the process. States, through the licensing process, are primarily responsible for consumer protection functions. Private accreditation agencies are primarily responsible for making determinations regarding institutional quality. The Federal Government is primarily responsible for assuring that an institution is in compliance with applicable Federal student aid requirements and has the administrative and financial capacity to deliver educational services.

State Role

The 1992 amendments established State Postsecondary Review Entities (SPRE's) in an effort to strengthen the State role in the triad. SPRE's never achieved their intended purpose and, in some cases, duplicated functions being performed by other components of the Triad. They have not been funded, and SPRE regulations issued by the Department of Education have been withdrawn. The committee received a substantial number of comments recommending that SPRE be repealed, and the committee has done so.

SPRE provisions have been replaced with language that defines State responsibilities as being licensure and notification to the Secretary of revocation of license or evidence of institutional fraud. In addition, institutions of higher education are required to prove they have authority to operate in a State.

The scaling-back of Federal statutory language with respect to the State role is not intended to preclude States from taking the steps they deem necessary to assure consumer protection or to engage in other appropriate regulatory activities with respect to institutions of higher education located within their borders.

Accrediting agency recognition

Provisions of the accrediting agency recognition provisions of the act are amended to clarify the role of accrediting agencies or associations, to emphasize the responsibility of such agencies or associations to consider the quality of any distance education courses offered by institutions being assessed, and to strengthen statutory requirements relating to the timeframe within which an accrediting agency or association must come into compliance after the Secretary has determined the agency or association has not met the requirements of the act.

The committee recognizes the critical role that accreditors play in higher education. Their oversight of academic matters makes them a vital component in assuring the quality of the programs supported by the Federal Government. Recognizing that the primary focus of accreditors should be on student learning and success in the context of the institution's mission, the committee reordered the standards in section 496(a)(5) of the act to put the standard on student success first, moving it from (I) to (A). This reflects the committee's view that student achievement is the touchstone of accreditation. As the National Commission on the Cost of Higher Education recommended, accreditors should be focusing more on measures of student achievement and less on resources, particularly in the light of widespread concern about the cost of higher education.

In addition, S. 1882 clarifies that it is not the role of the agencies to make credit or clock hour determinations. It is the view of the committee, however, that assuring that course hours are not inflated is an appropriate function of a review of course quality. The bill also clarifies that it is not the role of accreditors to enforce compliance with title IV. An accreditation agency or association is to review an institution's record of compliance with program responsibilities under title IV. Currently, this matter is addressed in an appendix to the regulations, which states that "under this standard, the agency is not expected to do the work of the Federal Government in reviewing institutions for compliance with their title IV, HEA program responsibilities. Rather, the agency is expected to review the information provided by the Secretary, determine if that information calls into question the institution's compliance with agency standards, and take follow-up action as appropriate." The change made by S. 1882 is designed to clarify this understanding in statute.

Regarding distance education, S. 1882 adds language stating that the courses or programs considered by an accrediting agency in assessing their quality may include the institution's distance education courses or programs. In addition, the bill provides that, when the Secretary determines the scope of recognition of an accrediting agency whose members offer distance education, the scope shall include the distance education or courses.

The committee has observed that a number of recognized accreditation organizations have increased their capacity to deal with the new forms of distance education. The committee believes that distance education, even when delivered through new means, should meet the same standards of educational quality as on-site education. The Department of Education, through the Secretary's recognition of accreditors, should not subject distance education programs and courses to separate or additional educational quality criteria and should not accept lower standards with regard to distance education.

It is the intent of the committee that the Department consider any issues of scope about distance education when it normally considers the full range of issues on continuing recognition, and not initiate an immediate, separate review of agencies previously recognized simply because their present scope includes distance education.

In addition, the committee believes that any accreditor should have the option to choose not to include distance education in its scope of recognition. The new provisions regarding scope of recognition is not intended to force all accreditors to deal with distance education. In an instance in which an accreditor does not choose to accredit distance courses or programs, the accreditor should simply notify the Department that it does not wish to be recognized for distance education, and the Department should automatically alter its scope accordingly.

The bill amends section 496(l)(1) of the act to give the Secretary an option other than beginning proceedings to limit, suspend, or terminate an agency if it is not in compliance with the act. Under the new option, the Secretary may give the agency up to 12 months to come into compliance with the statute before beginning proceedings on termination. The committee is concerned about reports that the Secretary has been reluctant to find agencies in violation of the statute and has allowed long periods of time for them to correct possible violations. These periods of noncompliance may undermine the quality of the reviews that accreditors perform during those periods, and so may adversely affect the institutions they review. While this 12-month period may be extended for good cause, it is expected that extensions will be rare and as brief as reasonable.

The committee also urges accreditors to consider whether all or part of the accrediting report should be made public. The committee understands that some accreditors make their reports public, but that other accreditors are concerned that reports would be less forthright if they became public. The committee believes that accreditors have a public trust within the Higher Education Act and that, in some situations, more reporting—perhaps in a summary form—would be beneficial in increasing the public's understanding of the accrediting process, the institution, and higher education in general.

The committee considered a recommendation that accrediting agencies be prohibited from adopting or applying policies restricting the transfer of credits earned by students from 1 institution to another. Although the committee did not believe it appropriate to intervene in an area traditionally under the control of individual institutions by including such a prohibition in Federal statute, the committee is concerned about practices in this area. The committee believes the decision whether to accept transfers should be based upon an institution's determination that the course or program is equivalent in content and the student has achieved a sufficient level of proficiency.

In a related area, the committee has heard concerns that some institutions of higher education have established unnecessarily burdensome admissions standards for graduates of nonpublic, private, and nontraditional educational programs. Again, the setting of admissions standards is the responsibility of institutions themselves. However, the committee encourages institutions that receive Federal funds to make every effort to evaluate and treat applicants from nonpublic, private, and nontraditional educational programs fairly and in a nondiscriminatory manner in determining requirements for admission.

Finally, the committee affirms the Secretary's definition of branch campus as it appears in 34 CFR 600.2. It further believes that, if an off-site program offered by a school is not identified as a branch campus by the school and does not meet the regulatory definition of a branch campus, it should not trigger a mandatory branch campus accreditation review. The committee is concerned about reports that overly broad interpretations of Department regulations on the definition of a branch campus has caused accreditors to make expensive site visits in instances where they are not needed. This interpretation should be modified so that accreditation visits can focus on productive quality assurance activities.

Eligibility and certification procedures

The bill amends the eligibility and certification procedures of the act to streamline regulatory requirements and provide institutions with greater flexibility, to make minor changes in provisions related to financial responsibility standards, and to clarify that "ownership" applies to for-profit institutions.

Several provisions are designed to alleviate unnecessary regulatory requirements and expand institutions flexibility, including: (1) requiring an institution to maintain a copy of any contract between the institution and a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request, instead of requiring that the institution supply the copy with its application to participate in the student aid programs under title IV; (2) providing that an institution may select the specific loan programs offered under part B or part D in which it will participate; (3) eliminating the requirement that the Department conduct site visits of all institutions and eliminating the ability of the Department to charge fees to cover the expenses of certification and site visits; and (4) giving the Secretary the authority to recertify an institution for up to 6 years, rather than the 4 years in current law, thereby permitting the Secretary to focus resources in the areas where problems are most likely to occur.

In addition, the bill includes a provision establishing a special rule for institutions of higher education located outside of the United States that receive less than $500,000 annually in Federal Family Education Loans, permitting the Secretary to establish a recertification schedule in regulations. The committee recognizes the administrative difficulties faced by the Department in monitoring all foreign schools in the same manner as other title IV schools and has adopted this change proposed by the Department of Education. At the same time, the committee urges the Secretary to assure that recertification occurs within a reasonable time frame.

Minor changes are made in financial responsibility standards provisions to substitute more general language for the specific measures of financial responsibility currently mentioned in section 498(c)(2) and to specify that the Secretary may accept any reasonable third-party financial guarantees in cases where an institution fails to meet overall financial responsibility standards. The committee recognizes that the financial responsibility regulations issued by the Department late last year are the product of a painstaking process to develop reasonable and workable standards. The com-

mittee believes that implementation of these standards should proceed without the complications of major changes in the statute at this time.

One change that is included in the bill is the elimination of specific references to performance bonds and letters of credit as third-party financial guarantees. Instead, the bill provides that the Secretary may accept any third-party financial guarantees he finds to be reasonable—which may include performance bonds, letters of credit, or other such guarantees.

The bill also amends several sections of the act to clarify that "ownership" refers to for-profit institutions. Ownership provisions were included in the 1992 amendments after it came to the attention of Congress that a handful of unscrupulous school owners, who had been disbarred from ever again owning a title IV-eligible institution, were getting around the prohibition by naming close family members or friends as an institution's "owner" while they themselves sat on the board and continued to hold the major financial interest and control of the school. In other cases, owners with past records of title IV mismanagement of funds were subsequently buying new schools.

To address these issues, Congress added language authorizing the Secretary to require financial guarantees and personal liability from those with "substantial control" over institutions of higher education. The language also goes on to define substantial control as ownership interest, which is then defined as "a share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the operation of an institution or institution's parent corporation." In addition, another provision allowed the Secretary to determine that an individual exercises control if "the individual is a member of the board of directors, the chief executive officer, or other executive officers of the institution or of an entity that holds a substantial ownership interest in the institution." It was and is the clear intent of Congress that these provisions apply to those who have an ownership interest in a school.

It has come to the attention of the committee that, in the ensuring years, the Department of Education has at times interpreted these provisions as applying to the board of trustees of nonprofit institutions of higher education. By definition, nonprofit institutions do not have owners and board members of such institutions are not paid for their services.

Two other provisions were also added to protect for-profit institutions that were purchased by unscrupulous owners. One provision permits the Secretary to provisionally certify schools that have undergone a change of ownership. The other requires institutions that have undergone ownership changes to requalify for title IV aid. Both of these provisions also apply only to for-profit institutions, as is evidenced by both the use of the term "ownership," as well as by the exception language that addresses instances in which the owner of a family run school dies and passes the business onto another family member—clearly a circumstance unique to for-profit institutions.

Finally, the bill proposes no changes to provisions of the act dealing with administrative capacity standards. The committee is aware, however, of concerns expressed by many institutions of

higher education that the authority provided in this section has led to inappropriate overregulation and will continue to monitor closely the implementation of these provisions of the law.

Program review and data

The bill amends the program review and data provisions of the act to require the Secretary to establish priorities for program reviews of institutions of higher education, and specify that additional categories of institutions that the Secretary may identify as requiring priority review are those that may pose significant risk of failure to comply with administrative or financial responsibility provisions. The purpose of these changes is to assure that resources will be concentrated on those institutions where problems are most likely to occur.

The bill also adopts several recommendations made by the National Commission on the Cost of Higher Education, by requiring the Secretary: to inform institutions of the criteria involved in program reviews; to implement a system of "cures" to allow institutions to correct minor record-keeping errors; to provide proportionality in civil penalties; and to establish a process for ensuring coordinated reviews and for identifying unnecessary duplication of reporting and related regulatory requirements.

The committee also considered a recommendation to prohibit the Secretary from imposing fees on institutions for technical assistance related to changes the Department has made in software requirements. Although the committee did not include this prohibition in the bill, the committee urges the Secretary to assure that strong technical support is incorporated in software contracts when the Department changes its requirements or conditions.

Part I—Administrative provisions for delivery of student financial assistance

On May 15, 1997, the committee held a hearing on the modernization of student financial aid. At this hearing, witnesses from all sectors of the Higher Education community expressed deep concerns about the need to improve the administration and delivery of student financial assistance provided by the Department of Education. These concerns have been strongly reinforced by subsequent problems, detailed elsewhere in this report, with the Federal Direct Loan Consolidation program, the printing of the FAFSA, and recent reports by the Office of Management and Budget that the Department is falling dangerously behind in its efforts to become Year 2000 compliant.

In order to address these problems, the committee has worked closely with members of the higher education community and representatives of the Secretary to create a new performance-based organization within the Department of Education. The committee is pleased that the Department has finally become a full partner in this effort and looks forward to working with the Secretary to improve the quality and efficiency of services provided to students and other participants in the student financial aid programs.

The goal of the performance-based organization has been, and remains, to improve the delivery of student financial aid to students and their families. In order to accomplish this, the committee has

attempted to identify the functions performed by the Office of Postsecondary Education and segregate those that are essentially policy functions that must be retained by OPE from those that are administrative and that may appropriately be handled by the performance-based organization. The PBO will be responsible for administration of the information and financial systems that support student financial assistance programs as well as any additional functions that the Secretary determines are necessary or appropriate to improve the delivery of student aid.

In order to accomplish these goals, the Secretary is provided with the personnel and procurement flexibilities needed to attract and reward personnel with the experience and ability to administer a complex information and financial services organization. The PBO will be led by a Chief Operating Officer with demonstrated management ability and experience in information technology or financial services. The Chief Operating Officer will be provided with the flexibility needed to attract and reward appropriate personnel and will work with the Secretary to develop a 5-year performance plan that establishes measurable goals and objectives for the organization. In exchange for being provided with procurement and personnel flexibilities, the compensation of the COO, senior management and staff will be linked to their success in meeting the objectives contained within the performance plan.

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

The current title V contains a number of programs relating to teacher training, recruitment, and retention. All but one of these programs are repealed, as they have not been funded. The minority teacher recruitment program that has been funded is amended and transferred to part B of the new title II—Improving Teacher Quality. A comprehensive program related to teachers is included in part A of the new title II.

The new title V—Graduate and Postsecondary Improvement Programs includes 7 parts: Part A includes the Jacob K. Javits Fellowship Program (transferred from part C of the current title IX); part B includes Graduate Assistance in Areas of National Need (transferred from part D of the current title IX); part C includes Urban Community Service (transferred from part A of the current title XI); part D includes the Fund for the Improvement of Postsecondary Education (transferred from part A of the current title X); part E includes a new program, entitled Improving Access to Higher Education for Students with Disabilities; part F includes Hispanic-Serving Institutions (transferred from section 316 of title III); and part G includes general provisions related to the administration of graduate education programs.

Graduate education

Two graduate education programs, the Jacob K. Javits Fellowship Program and the Graduate Assistance in Areas of National Need (GAANN) are transferred from the current title IX of the Higher Education Act to the new title V. Consistent with the committee's decision to discontinue unfunded programs, S. 1882 repeals Grants to Institutions and Consortia to Encourage Women and Minority Participation in Graduate Education; Patricia Roberts

Harris Fellowship Program; Faculty Development Fellowship Program; Assistance for Training in the Legal Profession; and Law School Clinical Experience Programs.

Graduate programs in the Higher Education Act are designed to attract students of superior ability, achievement, and exceptional promise into high-quality graduate programs and to provide those students with the financial support necessary to complete advanced degrees. To make most effective use of limited resources, the committee further targets fellowship assistance for excellent students who have demonstrated the greatest financial need.

In the case of the Jacob K. Javits program, the committee retains the statutory emphasis on portable fellowships, while it continues to focus on developing departmental capacity in the Graduate Assistance in Areas of National Need program. The committee believes strongly that the Javits program be maintained as a separate program with a separate authorization, at the same level provided for GAANN. Outside the Javits program, there are virtually no funding opportunities for students in the humanities, arts, and social sciences. The committee recognizes the importance of training excellent instructors and researchers in fields in which a substantial number of students earn their undergraduate degrees and believes the Javits program offers invaluable assistance in meeting this need. Advanced students trained in these fields also provide invaluable insight into the construction and expressions of the social world.

To address complications that have arisen in the administration of graduate programs, the bill would allow the Secretary to enter into a contract with a nongovernmental agency to administer the Javits program if the Secretary determines that doing so would be more efficient than administering the program internally. In addition, provisions are included to ensure that applications for graduate fellowships be made available by October 1 of each funding year, that appropriations for new fellowships be forward-funded to give the Secretary ample notice about the availability of funding for awards, and that notifications of awards be made by the following March 1 for the next academic year. Meanwhile, the GAANN program is reauthorized with only minor modifications.

The bill also requires that the title V programs to be coordinated with other Federal programs that support graduate education and makes provision for an evaluation of the Javits and GAANN programs to determine the success of fellows in earning their degrees and attaining placements in academic and other professional positions.

Urban Community Service

The Urban Community Service program provides discretionary grants for up to 5 years to encourage urban universities to serve as sources of skills, talents, and knowledge to serve the urban areas in which they are located. In general, urban universities are located in metropolitan statistical areas with populations of 350,000 and above.

Applicants are encouraged to work with private and civic organizations to design projects that address urban community problems such as work force preparation, urban economic development,

health care, crime and underperforming school systems. Priority is given to applications that propose joint projects supported by other local, State, and Federal programs. Applicants must provide a 25 percent match, in cash or in kind.

The bill extends the authorization of the Urban Community Service program and makes one revision in it—to give priority to institutions that have demonstrated their commitment to urban community service. The committee believes that institutions that have a record of serving urban communities are more likely to use their grant funds more effectively than those without such a record. Among the activities that demonstrate such commitment are prior participation in projects including Empowerment Zones, Enterprise Zones, Champion Communities, and Community Development Block Grants.

In addition, the committee recognizes the contributions that Urban Community Service grantees can make in expanding access to technology in the neighborhoods they serve. Access to technology becomes increasingly important with the dramatic growth in its use in homes, schools, and businesses. Such activities are among the broad array of projects that may be supported with grant funds.

Fund for the improvement of postsecondary education

The Fund for the Improvement of Postsecondary Education (FIPSE) supports exemplary, locally developed projects that encourage innovative reform and improvement of postsecondary education. Small discretionary grants or contracts of up to 3 years are awarded competitively to institutions of higher education and other public and private nonprofit institutions and agencies under 2 programs.

The Comprehensive Program supports activities that foster improvement broadly in postsecondary education, both those highlighted by FIPSE staff and others responding to relevant ad hoc issues identified by the educational community. These programs tend to be action-oriented and focus on improvements in practice, rather than support for basic research.

The Special Focus Competitions fund projects addressing a particular problem area or innovations in postsecondary education. This legislation revises the list of special projects to include: international exchanges; institutional restructuring to improve learning and promote cost efficiencies; evaluation and dissemination of model programs; and articulation between 2-year and 4-year institutions, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions. The committee believes as well that projects focusing on the enhancement of articulation agreements among high schools, community colleges, and baccalaureate colleges would be beneficial in assuring a smooth transition for students as they advance through postsecondary study.

Given the committee's increasing concern about the costs of higher education, it is particularly supportive of innovative cost-containment projects such as that of the Southeastern Pennsylvania Consortium for Higher Education. This collaborative initiative uses resource-sharing, technological linkages, joint planning, and collec-

tive purchasing to enhance cost-effectiveness and enhance quality at these institutions. The committee urges the Department of Education to continue to support the Consortium as a demonstration that can likely be replicated for many small and mid-size colleges in urban and rural areas.

Higher education access for students with disabilities

The bill establishes a new program designed to provide assistance for developing model programs to improve the teaching of students with disabilities. The bill authorizes an appropriation of $10 million in fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding years.

Funds would be available to institutions of higher education to develop model programs to provide technical assistance or training and professional development for faculty and administrators in institutions of higher education—to provide the faculty and administrators with the skills to teach effectively students with disabilities. These grants will cover a range of types and sizes of institutions such as community colleges, small private institutions, research institutions, and large public institutions. The bill requires the Secretary to consider providing an equitable geographic distribution of grants to rural and urban areas. The committee encourages the Secretary to award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities in order to disseminate those programs. In addition, the committee believes that institutions should be encouraged to include students with disabilities when developing the plan described in the application process for this competitive grant program.

The committee recognizes the difficulties and lack of knowledge that many faculty and administrators have in addressing the needs of students with all disabilities, including learning disabilities. The committee intends that this program provide new and needed support to faculty and administrators without imposing any additional duty, obligation, or responsibility on the institution of higher education, or on its faculty or staff, beyond the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans With Disabilities Act of 1990.

Hispanic-serving institutions

Over the past 15 years, there has been growing recognition of the critical role that Hispanic-Serving Institutions play in meeting the needs of low-income Latino students. The supplemental appropriations act for fiscal year 1982 added $5 million to title III to support institutions whose Hispanic and Native American students constituted at least 45 percent of enrollment. The Higher Education Act of 1992 formally recognized the particular needs of these institutions by establishing a set-aside within part A of title III. In recognition of the importance of finding new ways of serving our Nation's rapidly growing Hispanic community, the committee has created a new part within title V dedicated solely to supporting the needs of Hispanic-Serving Institutions.

Part F of title V authorizes the Secretary to provide grants and program related assistance to Hispanic-Serving institutions to empower them to improve their capacity to serve their students. Au-

thorized activities include acquisition of scientific or laboratory equipment, renovation of academic and research facilities, faculty professional development, curriculum development, acquisition of library materials, strengthening of funds management, student services and endowment building. Eligible institutions are those institutions that are eligible for funding under part A of title III and have an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic, of whom not less than 50 percent are low-income. Other requirements of part A institutions, such as the new wait-out period, also apply to the Hispanic-serving institutions. Hispanic-serving institutions retain eligibility for participation in title III programs but may not receive funds simultaneously from both part B of title III and part F of title V.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

With each reauthorization of the Higher Education Act comes, the committee confronts vast changes in the world. Since 1992, for example, relative peace has been restored to Haiti, Somalia, and the Balkans, and there are new hopes for an end to civil war in Northern Ireland. While many countries in East Asia have seen the value of their currencies plummet, much of the world has emerged out of a deep economic recession.

As the world's remaining superpower, the United States has been actively involved in promoting peace and restoring economic stability throughout the world. Coordinating its efforts with the United Nations and the International Monetary Fund, the United States has been a leader in supporting peace efforts in tense regions and in ensuring the economic viability of the world economy.

In addition, global competitiveness continues to drive American businesses and their employees to sharpen their skills, enhance their productivity, and take a fresh look at their operations in view of both the challenges and opportunities presented by an international marketplace.

The success of such efforts, however, relies on a thorough understanding of international diplomacy and foreign cultures, and the committee believes that international education is the essential mechanism for promoting that understanding. International education provisions in the Higher Education Act help ensure that cross-national studies remain an integral part of undergraduate and graduate education in the United States.

Opportunities to study foreign cultures and languages are vital to learning not only about other people but also about ourselves. Economic, social, health, and environmental maladies are rarely unique to a particular country, and strategies adopted elsewhere frequently provide useful guidance for us. The United States, for example, has much to learn from other countries about education. Although institutions of higher education in the United States continue to be the best in the world, and international students continue to flock to our colleges and universities, recent findings from the Third International Math and Science Study show that the elementary and secondary school students in the United States continue to lag in math and science achievement. Cross-national collaborations with other countries are therefore providing important lessons for educational reform.

In recognition of the positive contributions being made by existing international education programs in producing international expertise and research, the committee has extended the authorization of these programs with only minor modifications. Consistent with the action of the committee on other portions of this legislation, title VI is streamlined through the repeal of obsolete and unfunded provisions and through the incorporation of key activities, such as the operation of foreign language summer institutes, into existing program structures.

Provisions that are repealed by S. 1882 include: the doctoral stipend program under Foreign Language and Area Studies Fellowships; Grants to Strengthen Programs of Demonstrated Excellence in Undergraduate International Studies and Foreign Language Programs; Intensive Summer Language Institutes; Periodicals and Other Research Materials Published Outside the United States; and Preservation of Pre-1992 Programs.

Part A—International and foreign language studies

The findings and purpose section of part A is amended to include a finding that emphasizes the need to build national capacity in international education and foreign languages, including research in these areas.

Part A is further amended to extend the authorization of the 6 programs currently receiving funding, which include: National Resource Centers, Foreign Language and Area Studies Fellowships, Language Resource Centers, Undergraduate International Studies and Foreign Languages, International Research and Studies, and American Overseas Research Centers.

A funding level of $80 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years is authorized for part A programs.

National resource centers/foreign language and area studies fellowships

National Resource Centers are operated by institutions of higher education, which use grant funds to establish or operate such centers. Grant funds may also be used to maintain important library collections and to conduct outreach to other postsecondary institutions, government entities, and private organizations—including the conduct of summer institutes. Because the authority for a separate intensive summer language institute program is repealed, a foreign language component is added to the summer institutes conducted by National Resource Centers. Support for graduate Foreign Language and Area Studies Fellowships is continued, but the separate authority for doctoral stipends is repealed.

Language resource centers

In an effort to enhance the value of the Federal investment in Language Resource Centers, the committee has included provisions making dissemination an essential component of each Center activity. In addition, 2 new permissible activities designed to broaden the impact of the work of the Centers are added: (1) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve

language instruction through preservice and inservice language training for teachers, and (2) the development and dissemination of material designed to serve as a resource for foreign language teachers at the elementary and secondary school levels.

The committee recognizes that the primary function of the Language Resource Centers is to "serve as resources to improve the capacity to teach and learn foreign languages effectively." The committee recognizes that the current Centers are performing competently in this regard and also recognizes the substantial contributions of these centers to the area of less commonly taught languages. However, there is still a need for a more systematic approach to addressing the needs of the less commonly taught languages of national strategic importance. The committee urges Department of Education officials to encourage an assessment of these needs and a determination of cost-effective ways to meet them, such as allowing some centers to focus on geographic areas or language groups, utilizing technology to organize and provide wide access to teaching materials, and encouraging collaborations with the less commonly taught language community and other title VI grant recipients with similar missions.

Undergraduate international studies and foreign languages

Currently, title VI includes separate grant authorities for the creation of undergraduate international studies and foreign language programs and for the strengthening of such programs already in existence. The committee has combined these functions within a single authority, incorporating key provisions of both programs into the unified authority. A foreign language component is added to the summer institutes authorized under the program. In addition, the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary institutions to enhance international knowledge is authorized as a new activity. New grant conditions are also established to assure that extensive planning is conducted in advance of the submission of a grant application, that faculty and administrators of all relevant departments and programs are involved in ongoing collaboration, that students at participating institutions will have equal access to programs supported with grant funds, and that Federal funds will be used to supplement and not supplant institutional funds and activities provided prior to the receipt of the grant.

International research and studies

Current research and study activities are reauthorized. Consistent with the desire of the committee to assure the most efficient use of Federal resources and to assure these resources have a positive impact beyond title VI grantees, 2 new activities are added: (1) evaluation of the extent to which programs offered with assistance under this title and addressing national needs would not otherwise be offered, and (2) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies and testing techniques throughout education, including elementary and secondary schools.

American overseas research centers

Title VI support for American Overseas Research Centers, first made available by the Higher Education Amendments of 1992, is continued. Provisions are added to clarify that the establishment of new centers is an allowable activity. American Overseas Research Centers are consortia of American universities, colleges, museums, and research societies. The Centers, 11 of which have received title VI assistance since fiscal year 1994, serve the post-graduate research needs of American scholars and institutions in a specific region or country overseas.

Part B—Business and international education programs

Part B is amended to extend the authorization of 2 business and international education programs: Centers for International Business Education and Education and Training Programs. Centers for International Business Education provide research, instruction, and technical assistance combining business and international studies. Education and Training Programs promote linkages between institutions of higher education and the business community.

A funding level of $11 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years is authorized for Centers for International Business Education. A funding level of $ 7 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years is authorized for Education and Training Programs.

These programs have offered valuable assistance in enhancing the ability of the American business community to compete in international markets. Minor changes are made in Business and International Education Programs to provide that Centers for International Business Education shall provide interdisciplinary programs for any degree candidates, as opposed to advanced degree candidates as provided in current law. A foreign language component is added to the summer institutes. In addition, programs to develop or enhance international skills, awareness, and expertise may be offered at times most convenient for the business community, rather than being limited to evenings or summers. The bill also makes specific mention of a community college representative on the Advisory Council to an international business education center.

Part C—Institute for International Public Policy

Part C is amended to extend the authorization of the Institute for International Public Policy. This Institute was established in the Higher Education Amendments of 1992 in an effort to increase the number of minorities entering international fields, including the Foreign Service. A funding level of $10 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years is authorized for part C programs.

Part C is further amended to increase the required match by grant recipients from one-fourth to one-half and require that the nonfederal contribution be made by private sector contributions. In addition, provisions are added to authorize subgrants to strengthen Historically Black Colleges and Universities, Hispanic-Serving In-

stitutions, minority institutions, and Tribal College institutional international affairs programs. The bill also expands the current Junior Year Abroad program. The program is renamed "Study Abroad" and provides for both Junior year abroad and summer abroad programs, with one-third of the cost borne by the institution and two-thirds by the Institute. Students completing their third year of study would be eligible to participate in the summer abroad program.

Additional action by institutions of higher education and agencies throughout the Federal Government will be required to achieve the objective of part C to increase the numbers of underrepresented minorities into the field of international service, including private international voluntary organizations and the foreign service of the United States. In particular, the committee encourages improved communication and coordination among Federal agencies with international missions in devising ways to attract and retain minorities in foreign service and related careers.

In addition, the committee notes the value of internships in offering recent college graduates hands-on experience in fields in which they have an interest in pursuing a career or advanced education. Internships offer a unique opportunity to gain an understanding of the operation of an office or organization and to build professional relationships. In the international field, internships based in the Washington, DC, area can be particularly valuable. The committee encourages institutions of higher education, Federal agencies, and private organizations to develop international service internships designed to expand opportunities for underrepresented minorities.

TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER LAWS

Part A—Indian Education Programs

A small number of changes to Indian Education programs are included in S. 1882. With respect to the Tribally Controlled Community College Assistance Act of 1978, these modifications include increasing the per-Indian-pupil institutional grant to $6,000, changing institutional references from Tribally Controlled Community Colleges to Tribal Colleges and Universities, reauthorizing the programs assisted under the act, and increasing the authorization for Grants to Tribally Controlled Colleges and Universities to $40 million for fiscal year 1999. The bill also authorizes $5 million to be appropriated in fiscal year 1999 for the Institute of American Indian and Alaska Native Culture and Arts Development.

Part B—Advanced Placement Incentive Program

The Advanced Placement Fee Payment Program established by the Higher Education Amendments of 1992 is reauthorized and renamed the "Advanced Placement Incentive Program." Several changes are made to the program that are designed to encourage greater participation in Advanced Placement (AP) courses.

Advanced placement courses provide academically challenging instruction, which permits students not only to master subject areas but also to earn college credits. Federal funding was first made available in fiscal year 1998 to award grants to States to enable them to cover all or a portion of the cost of AP test fees for low-

income students. An estimated 68,000 low-income students have benefitted from this assistance. In addition, 23 States offer support for the AP program through means such as encouraging or requiring AP courses in high schools, assisting teachers to attend AP workshops and seminars, paying all or a portion of the cost of AP examination fees, and establishing statewide policies with respect to the use of AP examination grades at State colleges and universities. The committee encourages the Secretary to work with States not yet participating in this important Federal program so that its benefits will reach students in all States.

Under S. 1882, Federal support for AP activities will remain focused on assisting low-income students in paying test fees. A portion of the funds, however, may also be used to disseminate information regarding the availability of test fee payments. In addition, a State may meet "supplement, not supplant" requirements if supplanted funds are used to increase the participation of low-income students in AP courses through teacher training and other activities directly related to increasing the availability of AP courses. Federal funding will be available only if the College Board maintains its fee assistance program at levels provided in the preceding year. Funding for the Advanced Placement Incentive Program is authorized at $10 million in fiscal year 1999 and such sums as may be necessary in each of the succeeding 4 years.

Part C—United States Institute of Peace

The U.S. Institute of Peace was established in 1984 to strengthen our capacity to promote peaceful resolution of international conflicts. Since this time the Peace Institute has used its resources to: (1) mobilize national and international experts to support policy makers by providing independent assessments of how to deal with international conflicts through political means; (2) facilitate resolution of international disputes by preparing U.S. negotiators for mediation work; (3) train international affairs professionals in conflict management and resolution techniques; and, (4) strengthen curricula and instruction, from high school through graduate education, about the changing character of international conflict as well as nonviolent approaches to managing international disputes.

The U.S. Peace Institute has consistently provided the administration and Congress with insights into the origins of regional conflicts that would otherwise not be available. For example, through its special initiative on religion, ethics, and human rights, the Peace Institute has made particularly important contributions to our understanding of conflicts in the Middle East, Bosnia-Herzegovina, Croatia, the Federal Republic of Yugoslavia, and elsewhere in Eastern Europe.

In order to facilitate these and other special initiatives, the committee has provided the Institute with explicit authority to enter into personal service contracts. This authority will allow the Institute to hire experts needed to respond to short-term projects that do not demand the allocation of permanent staff. In addition, the committee has reaffirmed the Institute's eligibility to receive government rates for travel, supplies, and services, and extended its authorization through the year 2003.

Part D—Community Scholarship Mobilization

While the Federal Government has a commitment to equalizing access to higher education, the committee recognizes the potential that communities have in harnessing local resources to leverage private support for scholarship aid. In an effort to support the efforts of organizations that stimulate community activism and involvement in raising grant funds for and encouraging participation in postsecondary education, the committee has authorized a competitive grant program that will allow grant recipients to establish endowments and to use the interest earnings to establish and support State, regional, or community program centers. These centers are charged with fostering the development of local affiliated chapters in high poverty areas that promote higher education goals for students from low-income families by providing academic support and postsecondary scholarship assistance.

Seventy percent of interest income would support the establishment or ongoing work of State or regional program centers to enable such centers to work with local communities to establish local affiliated chapters in high poverty areas and to provide ongoing assistance, training workshops, and other activities to ensure the success of local chapters. Thirty percent of the interest income would be used to provide scholarships for students from low-income families. Scholarships would be matched 1:1 from funds raised by the local community. The bill authorizes the appropriation of $10 million for fiscal year 2000 to carry out the purposes of this section.

The committee believes that a small Federal investment in private initiatives designed to inspire and motivate a financially needy student to gain access to postsecondary education will complement and enhance the efforts made at the Federal level.

Part E—Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders

The Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders program is transferred from part E of title X of the Higher Education Act. The program provides grants to State correctional education agencies to assist and encourage incarcerated youth to acquire functional literacy, life, and job skills through the pursuit of postsecondary education. Grant funds may also be used to provide employment counseling and related services during incarceration, continuing through prerelease and parole. Students under the age of 25 who are eligible to be released from prison within 5 years are eligible to participate. This program is reauthorized, without modification, for 5 years. Funding levels are set at $14 million in fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding fiscal years.

Part F—Education of the Deaf

Selected amendments to the Education of the Deaf Act are included in part F. The amendments extend the authorizations for Gallaudet University and the National Technical Institute for the Deaf (NTID); make the legislation consistent with certain provisions in the Individuals with Disabilities Education Act of 1997; clarify audit provisions; increase flexibility with regard to endow-

ment funds; and create a Commission on Education of the Deaf. The committee believes these amendments will allow Gallaudet University and the NTID to continue to offer specialized educational opportunities to students who are deaf; to increase their efforts to share and disseminate their respective expertise and research with other entities that educate students who are deaf; to address emerging and ongoing needs to improve the skills and increase the number of educators who can successfully work with students who are deaf in diverse educational settings; and to be accountable to Congress and the Secretary of Education with regard to the effects of their programs and their expenditure of Federal funds.

The committee views the authorization of a Commission on Education of the Deaf as the most appropriate and timely mechanism for identifying education-related factors that facilitate or result in barriers to successful postsecondary educational experiences and employment for individuals who are deaf. The committee expects the Commission to consider: the degree to which appropriate elementary, secondary, and postsecondary educational opportunities are available to individuals who are deaf; the adequacy of preparation for postsecondary education or employment for individuals who are deaf; the training and technical assistance needs of elementary, secondary, postsecondary, adult, and continuing education programs that serve individuals who are deaf; the state of employment and training needs of individuals who are deaf; and any other factors that the Commission determines facilitate or result in barriers to successful postsecondary education experiences and employment for individuals who are deaf. The committee expects the Commission to include the effects of the Americans with Disabilities Act and the Individuals with Disabilities Education Act in these areas, as well as an assessment of the role played by federally supported elementary, secondary, and postsecondary education programs that serve individuals who are deaf.

The committee understands that the Department has given NTID approval to use Federal funds to subsidize the tuition of students, both deaf and hearing, who are enrolled in the NTID master of science degree program in the secondary education of students who are deaf or hard of hearing. The committee approves of that decision. Because this will be the first time NTID uses its direct appropriation to fund its own master of science degree program, the committee directs the Department to monitor the progress of the program and to report back to Congress prior to the next reauthorization of this act. The committee directs NTID to submit an annual report on the program to the Department and to Congress, which shall include data on enrollment numbers and the outcomes for students enrolled in the program, including placement data, and such additional information as the Secretary may consider necessary. The committee also encourages NTID to continue to seek additional Federal and nonfederal sources of funding to reduce the need to use NTID appropriated funds for this program.

Part G—Repeals

Streamlining the Higher Education Act is one of the objectives of the committee in this reauthorization of the act. Unfunded and ob-

solete provisions of the Higher Education Act of 1965 and the Higher Education Amendments of 1992 are repealed. A complete list of repealed provisions may be found in section I (Purpose and Summary) of this report.

Part H—Year 2000 computer problem

The Year 2000 problem is the result of a programming shortcut initiated in the 1960's whereby dates are represented with 6 digits (10/10/87) instead of 8 digits (10/10/1987). Because the first two digits of the year are omitted, software programs assume that every date in the program is a date in the 20th century. Unfortunately, fixing this problem is time consuming and difficult. No one can forecast with certainty how an application will analyze dates from the next century without evaluation, analysis, and testing. As a result, the Government Accounting Office has recommended that every Federal Agency begin testing its software renovation work by mid-1998 in order to ensure that all Federal software systems are repaired and stable before December 31, 1999.

The Office of Management and Budget, in its most recent report on Year 2000 compliance, has raised serious questions about the Department's ability to meet the timetable outlined by GAO. The Department has completed renovation on only 14 percent of its mission critical systems and has not completed testing or validation on any of the systems that have been renovated. The committee is deeply concerned that failure to renovate all mission critical systems could result in disruptions in the management and delivery of student financial aid to more than 8 million students and their families. The Secretary is required to report to the Congress, no later than March 1, 1999 on the compliance status of all mission critical systems and contingency plans for those systems that the Department will be unable to renovate, test, and validate, prior to December 31, 1999.

V. Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 4, 1998.

Hon. James M. Jeffords,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1882, the Higher Education Act Amendments of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

June E. O'Neill, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 1882—Higher Education Act Amendments of 1998

Summary: S. 1882 would amend the Higher Education Act of 1965 by reauthorizing several existing programs, authorizing new programs, and repealing others. Authorizations of appropriations under S. 1882 would total $108 billion for fiscal years 1997–2003, assuming adjustments for inflation. Without adjustments for inflation, authorizations would total $106 billion.

S. 1882 would also make numerous changes in federal student loan programs. These changes are estimated to reduce direct spending by $235 million in 1998 but increase spending by about $3.8 billion over the 1999–2003 period.

S. 1882 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments except as a condition of receiving federal assistance.

The estimate assumes that S. 1882 would be enacted by June 1, 1998. Except where provisions have specific effective dates or specify specific loans or borrowers, S. 1882 is assumed to become effective on October 1, 1998.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 1882 is shown in Table 1.

The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF S. 1882

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law:						
Budget authority	10,052	0	0	0	0	0
Estimated outlays	9,268	8,335	385	19	0	0
With Adjustments for Inflation						
Total proposed changes:						
Estimated authorization levels	.....	18,658	19,783	21,478	23,238	24,401
Estimated outlays	.....	3,414	17,682	19,964	21,760	23,401
Total spending under S.1882:						
Estimated authorization levels	10,052	18,658	19,783	21,478	23,238	24,401
Estimated outlays	9.268	11,749	18,067	19,983	21,760	23,401
Without Adjustments for Inflation						
Total proposed changes:						
Estimated authorization levels	.....	18,655	19,680	21,268	22,919	23,960
Estimated outlays	.....	3,413	17,669	19,870	21,562	23,093
Total spending under S. 1882:						
Estimated authorization levels	10,052	18,655	19,680	21,268	22,919	23,960
Estimated outlays	9,268	11,748	18,054	19,889	21,562	23,093
DIRECT SPENDING						
Baseline spending under current law:						
Estimated budget authority	3,863	5,182	5,472	5,778	5,078	6,346
Estimated outlays	3,369	4,389	4,882	5,171	4,477	5,751
Proposed changes:						
estimated budget authority	−60	730	795	895	985	1,025
estimated outlays	−235	585	695	780	865	920
Baseline spending under S. 1882:						
Estimated budget authority	3,803	5,912	6,267	6,673	6,063	7,371

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF S. 1882—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Estimated outlays	3,134	4,974	5,577	5,951	5,342	6,671

Note.—Components may not sum to totals due to rounding.

Basis of estimate

Spending subject to appropriation

S. 1882 would reauthorize several existing discretionary programs within the Higher Education Act of 1965. In addition, some new programs would be authorized, and a number of expiring provisions would be repealed. For most of the programs that would be reauthorized or newly authorized, the bill includes stated amounts of authorizations for fiscal year 1999, plus such sums as may be necessary for the four following fiscal years. CBO assumes current spending patterns in estimating outlays.

Tables 2 and 3 show the estimated impact of S. 1882 on spending subject to appropriation by title, with and without adjustments for inflation after 1999.

Title II: Improving Teacher Quality.—Title II would authorize grants aimed at improving teacher quality. These authorizations would total $337 million in fiscal year 1999 and $1.7 billion for fiscal years 1999–2003, not including adjustments for inflation. States and teacher partnerships would provide a 50-percent match for funds received under Title II.

Title III: Institutional Aid.—Title III would provide for grants designated to strengthen institutions of higher education, including historically black colleges and universities, Hispanic serving institutions, and American Indian colleges and universities. Title III would also authorize a minority science improvement program. Authorizations under Title III would total $370 million in fiscal year 1999 and $1.9 billion for fiscal years 1999–2003, not including adjustments for inflation.

TABLE 2.—ESTIMATED IMPACT OF S. 1882 ON SPENDING SUBJECT TO APPROPRIATION, WITH ADJUSTMENTS FOR INFLATION

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Spending under current law:						
Estimated budget authority	10,052	0	0	0	0	0
Estimated outlays	9,268	8,335	385	19	0	0
Proposed changes:						
Title II: Improving Teacher Quality:						
Estimated budget authority	.....	337	345	354	363	372
Estimated outlays	.....	40	271	338	353	362
Title III: Institutional Aid:						
Estimated budget authority	.....	370	379	388	398	409
Estimated outlays	.....	44	297	371	388	397
Title IV: Pell Grants:						
Estimated budget authority	.....	14,468	15,498	17,087	18,738	19,780
Estimated outlays	.....	2,894	14,384	15,795	17,385	18,913
Title IV: Other Student Assistance:						
Estimated budget authority	[1]	3,013	3,081	3,158	3,237	3,323
Estimated outlays	[1]	366	2,410	3,009	3,147	3,229

TABLE 2.—ESTIMATED IMPACT OF S. 1882 ON SPENDING SUBJECT TO APPROPRIATION, WITH ADJUSTMENTS FOR INFLATION—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Title V: Graduate and Post-Secondary Improvement Programs:						
Estimated budget authority	.....	117	120	123	126	129
Estimated outlays	.....	14	94	117	123	126
Title VI: International Education Programs:						
Estimated budget authority	.....	108	111	113	116	119
Estimated outlays	.....	13	87	108	113	116
Title VII: Related Programs and Amendments to Other Acts:						
Estimated budget authority	[1]	246	249	254	261	268
Estimated outlays	[1]	42	140	225	242	258
Total proposed changes:						
Estimated budget authority	[1]	18,658	19,783	21,478	23,238	24,401
Estimated outlays	[1]	3,413	17,682	19,964	21,760	23,401
Total spending under S. 1882:						
Estimated budget authority	10,052	18,658	19,783	21,478	23,238	24,401
Estimated outlays	9,268	11,748	18,067	19,983	21,760	23,401

[1] Less than $500,000.

Note: Components may not sum to totals due to rounding.

TABLE 3.—ESTIMATED IMPACT OF S. 1882 ON SPENDING SUBJECT TO APPROPRIATION, WITHOUT ADJUSTMENTS FOR INFLATION

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Spending under current law:						
Estimated budget authority	10,052	0	0	0	0	0
Estimated outlays	9,268	8,335	385	19	0	0
Proposed changes:						
Title II: Improving Teacher Quality:						
Estimated budget authority	.....	337	337	337	337	337
estimated outlays	.....	40	270	330	337	337
Title III: Institutional Aid:						
Estimated budget authority	.....	370	370	370	370	370
Estimated outlays	.....	44	296	363	370	370
Title IV: Pell Grants:						
Estimated budget authority	.....	14,468	15,498	17,087	18,738	19,780
Estimated outlays	.....	2,894	14,384	15,795	17,385	18,913
Title IV: Other Student Assistance:						
Estimated budget authority	[1]	3,013	3,009	3,009	3,009	3,008
Estimated outlays	[1]	366	2,401	2,942	3,005	3,008
Title V: Graduate and Post-Secondary Improvement Programs:						
Estimated budget authority	.....	117	117	117	117	117
Estimated outlays	.....	14	94	115	117	117
Title VI: International Education Programs:						
Estimated budget authority	.....	108	108	108	108	108
Estimated outlays	.....	13	86	106	108	108
Title VII: Related Programs and Amendments to Other Acts:						
Estimated budget authority	[1]	243	240	239	239	239
Estimated outlays	[1]	42	138	219	239	239
Total proposed changes:						
Estimated budget authority	[1]	18,655	19,680	21,268	22,919	23,960
Estimated outlays	[1]	3,413	17,669	19,870	21,562	23,093
Total spending under S. 1882:						
Estimated budget authority	10,052	18,655	19,680	21,268	22,919	23,960
Estimated outlays	9,268	11,748	18,054	19,889	21,562	23,093

[1] Less than $500,000.

Note: Components may not sum to totals due to rounding.

Title IV: Pell Grants.—Title IV–A would reauthorize the Pell grant program and change the formulas used to determine Pell award levels.

CBO has developed a simulation model using a sample of applicants for student aid to estimate the effects of various policy changes on federal spending under the Pell program and student loan programs. Using detailed income, asset, and demographic data for individual students and their families, the model is used to estimate how much students and their families would be expected to contribute to educational costs. For Pell grants, the model also simulates program participation and estimates the amount of federal support necessary to fund the program, based on families' expected contributions, the award rules, the costs of the postsecondary schools that the students attend, and the maximum award level. The figures included in this cost estimate are based on the Department of Education's sample of Pell grant applicants and recipients for the 1996–1997 academic year, the latest year for which complete data are available.

Maximum awards.—The authorized Pell maximum award would be $5,000 for academic year 1999–2000, $5,200 for academic year 2000–2001, $5,400 for academic year 2001–2002, $5,600 for academic year 2002–2003, and $5,800 for academic year 2003–2004. The Pell program is currently authorized only through fiscal year 1998 (academic year 1998–1999). S. 1882 would increase estimated authorizations to $14.5 billion for fiscal year 1999, $15.5 billion for fiscal year 2000, $17.1 billion for fiscal year 2001, $18.7 billion for fiscal year 2002, and $19.8 billion for fiscal year 2003. CBO estimates that, under the stated maximum grants, 4.6 million students would receive Pell grants in academic year 1999–2000, 4.8 million in 2000–2001, 5.1 million in 2001–2002, 5.4 million in 2002–2003, and 5.5 million in 2003–2004. The average award would be about $3,140 in 1999–2000, $3,240 in 2000–2001, $3,340 in 2001–2002, $3,450 in 2002–2003, and $3,560 in 2003–2004. These estimates assume that the program would be funded at the maximum levels authorized and would include the need analysis and other changes contained in the bill.

Need analysis.—Part F of Title IV of the bill would modify the need analysis formulas used for calculating federal Pell grants. The need analysis formulas are used to determine the expected family contribution (EFC), or the amount that the federal government expects the parents and the student to contribute toward the student's education. In most cases, the size of the grant is determined by subtracting the EFC from the maximum award. Any change that would lower the EFC would increase an individual's grant.

S. 1882 would index the income protection allowances (IPAs) for dependent students and independent students without children to the consumer price index for academic year 2001–2002 and beyond. The IPA is an amount of income that is not expected to be used toward college and is not counted as income as part of the EFC calculations. This provision would result in additional costs of about $30 million in 2000, $60 million in 2001, $90 million in 2002, and $120 million in 2003.

Under the bill, negative parental income (after taxes, employment expenses, and the IPA) would count as an offset against the students' available income. CBO estimates that this provision would increase costs by about $180 million in 1999, assuming a $3,000 maximum award (the same level as in 1998–1999).

Other provisions.—Under current law, Pell grants for students who qualify for an award between $200 and $399 are actually awarded $400. Part A would make the minimum award $200. Students who qualify for an award of less than $200 still would receive nothing. This provision would reduce costs by about $10 million in 1999 with a $3,000 maximum award.

Part A would also limit Pell grants to students who complete their degrees within 150 percent of the period normally required to do so. CBO estimates that this provision would reduce program costs by about $30 million in 1999, assuming a $3,000 maximum award.

Part G instructs the Secretary of Education to verify incomes by confirming that adjusted gross income (AGI) claimed on student financial aid forms corresponds to the AGI declared to the Internal Revenue Service. A recent audit by the Department of Education suggests that approximately 4.4 percent of applicants underreported their incomes and received larger awards than they should have. CBO estimates that the proposed policy could not be implemented until fiscal year 2000. Savings in that year would be $180 million and would total $735 million over the 2000–2003 period.

CBO estimates that other provisions would have little or no budgetary impact. They include allowing institutions to determine a dependent care or disability-related expenses allowance in cases where the tuition sensitivity formula is used, prorating a student's contribution for periods of enrollment less than nine months, excluding from participation individuals convicted of drug-related offenses, giving institutions more discretion in determining costs for room and board and allowing for a distance education demonstration project.

Title IV: Other Student Assistance.—In addition to authorizing Pell grants, Title IV would authorize other grants to students. These grants would include work-study grants, TRIO programs, a national early intervention scholarship and partnership program, federal supplementary education opportunity grants, assistance for students whose families are engaged in migrant and seasonal farm work, child care grants for low-income students, a new loan forgiveness program for child care providers, and a Robert C. Byrd Honors Scholarship. In addition, the bill would reauthorize the Federal Perkins loan program. Title IV also authorizes several studies relating to various aspects of higher education and a performance-based organization (PBO) within the Department of Education for the delivery of student financial assistance. Discretionary spending authorized in Title IV, excluding Pell Grants, totals $3.0 billion for fiscal year 1999 and $15.0 billion from 1999–2003, not including adjustments for inflation.

CBO estimates the studies authorized under Title IV would cost $4 million in 1999 and $11 million over the next 5 years. Two of the studies—one on additional institutional reporting on proce-

dures for handling sexual assault cases and another on distance education demonstrations are authorized a $1 million each. This title also requires a variety of studies by the National Center on Education Statistics (NCES), in some cases in collaboration with the Bureau of Labor Statistics, on the costs of higher education, the expenditures of institutions of higher education, and the development of a market basket identifying the various items accounting for the costs of higher education. Based on discussions with NCES staff, CBO estimates that the total costs of these studies would amount to $2 million in 1999 and $9 million over the 1999–2003 period.

The PBO authorized under Title IV would have a chief operating officer and senior managers whose pay would be linked to their performance in improving student financial aid services. The PBO would have greater flexibility than the Department currently has in its budgeting, procurement, and personnel process but would have no role in developing policy. Although the policy implications of the creation of this new PBO could be significant, its budgetary implications would be minimal, because the principal activities of the PBO are already being performed by the Department of Education. CBO estimates that this provision would cost an additional $2 million in 1999 and $1 million in each of fiscal years 2000 through 2003 to cover start-up activities and compensation for new personnel.

Title V: Graduate and Postsecondary Improvement Programs—Title V would authorize grants for graduate and postsecondary improvement programs. These grants would include the Jacob K. Javits Fellowship program, grants for graduate assistance in areas of need, urban community service grants, and funds for the improvement of postsecondary education. Title V would authorize $117 million in fiscal year 1999 and $585 million over the 1999–2003 period, not including adjustments for inflation.

Title VI: International Education Programs.—Title VI would authorize funding for international and foreign language studies, a business and international education program, and an institute for international public policy. Authorizations under Title VI would total $108 million in fiscal year 1999 and $540 million for fiscal years 1999–2003, not including adjustments for inflation.

Title VII: Related Programs and Amendments to Other Acts.—Title VII would provide authorizations targeted toward tribally-controlled colleges and universities including funds for endowment growth, construction, and economic development, and would reauthorize funding for Gallaudet University and the National Technical Institute for the Deaf (NTID). Title VII would also authorize an advanced placement incentive program, the Institute for Peace, community scholarships, and grants to states for training for youth offenders. Estimated authorizations under Title VII would total $243 million in 1999 and $1.2 billion for fiscal years 1999–2003.

Amending the Education for the Deaf Act, this title would provide such sums as necessary for Gallaudet and NTID. The estimate assumes authorizations of $81 million a year for Gallaudet and $44 million for NTID, without adjustments for inflation (the amounts authorized in 1998).

Title VII also authorizes a Commission on Education for the Deaf. The commission would begin its work within 90 days of the bill's enactment, report its findings within 18 months, and cease operations completely 21 months after enactment. Based on data from other commissions of comparable scope, CBO estimates that the commission would cost $3 million in 1999 and $5 million in total over the 1998–2000 period.

Direct spending

Title IV: Student Loans.—This bill makes several changes in the student loan programs, which under current law are expected to guarantee or issue about 52 million loans totaling $210 billion over the 1998–2003 period. The bill would slightly modify the conditions of eligibility for loans and would increase the government's cost of ensuring that sufficient loan capital is available to students and parents. In general, the proposed changes may be classified by their impacts: changes affecting interest rates for borrowers and lenders, changes affecting guaranty agencies, and changes affecting borrowers. The bill also contains a number of other changes to the program, but these would have relatively small budgetary effects.

Most provisions affecting the student loan programs are assessed under the requirements of credit reform. As such, the budget records all the costs and collections associated with a new loan on a present-value basis in the year the loan is obligated. The costs of all changes affecting outstanding loans are displayed in the year a bill is enacted—in this case 1998. The changes included in this bill would decrease program costs by $235 million in 1998 but increase costs by $625 million in 1999 and $3.8 billion over the 1998–2003 period (see Table 4). The overall federal discounted cost of providing loan capital to students and parents would be increased by about 2 percentage points per each dollar loaned from an estimated 11.6 percent to 13.7 percent.

Changes Affecting Interest Rates for Borrowers and Lenders.—Under current law, a new formula for establishing the variable interest rate on guaranteed and direct student loans is scheduled to take effect in July 1998.[1] The interest rate received by private lenders will be the interest rate on bonds of comparable maturity plus 1.0 percentage points.[2] Borrowers will pay the same rate, but no more than 8.25 percent. To the extent that the yield to lenders exceeds the rate paid by borrowers, the federal government pays lenders the difference, which is called a special allowance. In addition the federal government pays the interest for student borrowers with subsidized loans while they are in school or in a period of grace or deferment.

S. 1882 would set the rate paid by student borrowers at the bond-equivalent 91-day Treasury bill rate plus 1.7 percentage points while the borrower is in school, grace, or deferment and 2.3

[1] Before July 1998, borrowers in the guaranteed and direct student loan programs pay the bond equivalent of the 91-day Treasury bill rate plus 2.5 percentage points while the borrower is in school, grace, and deferment and 3.1 percentage points when the borrower is in repayment. The interest rate cap is 8.25 percent. The interest rate on guaranteed and direct parent loans is the bond equivalent of the 365-day Treasury bill rate plus 3.1 percentage points, with a cap of 9 percent.

[2] The CBO baseline assumes that the rate on bonds of comparable maturity is the 10-year bond rate. Recently, the Administration has indicated that it expects to use a blended rate of 10-year and 20-year maturities.

percentage points when the borrower is in repayment. Lenders would receive a rate that would be 50 basis points (0.5 percentage points) higher, and the difference would be paid by the federal government. In addition, the cap of 8.25 percent on borrower's rates would be retained. (The bill would also change the rates on direct and guaranteed parent loans.)

The net budgetary effect of the changes in borrower interest rates and lender yields is to increase federal costs over the 1998–2003 period by about $3.6 billion relative to current law. The increased cost is associated with the new, minimum 50-basis-point special allowance payment as well as the increased exposure of the federal government to interest rate subsidies when rates rise sufficiently to cause the borrowers' interest rates to be constrained by the statutory caps. The proposed new interest rate structure would move the interest rates closer to the caps. Moreover, the 91-day Treasury bill is a more volatile instrument that the 10-year bond rate. These costs are partially offset by higher borrower interest payments in the direct loan program.

TABLE 4.—ESTIMATED IMPACT OF S. 1882 ON DIRECT SPENDING

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
STUDENT LOANS											
Interest rates:[1]											
Budget authority	360	700	725	790	845	870	925	970	1,010	1,050	1,095
Outlays	160	605	650	695	750	780	820	865	895	935	975
Guaranty agencies:											
Budget authority	−440	−5	6	b	15	30	70	70	70	75	70
Outlays	−405	−45	1	b	15	20	70	70	70	65	70
Borrowers:											
Budget authority	15	53	83	118	138	143	143	148	158	158	163
Outlays	10	38	63	98	123	128	128	133	138	143	143
Other:											
Budget authority	5	5	5	5	5	5	5	5	5	5	5
Outlays	5	5	5	5	5	5	5	5	5	5	5
Interactions among provisions:											
Budget authority	0	17	16	22	22	17	22	22	27	22	27
Outlays	−5	22	16	22	12	27	22	17	17	27	22
Subtotal:											
Budget authority	−60	770	835	935	1,025	1,065	1,165	1,215	1,270	1,310	1,360
Outlays	−235	625	735	820	905	960	1,045	1090	1,125	1,175	1,215
PERKINS LOAN PROGRAM											
Perkins loan revolving fund:											
Budget authority	.....	−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Outlays	.....	−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Perkins loan payoff provision:											
Budget authority	.....	2	2	2	2	2	2	2	2	2	2
Outlays	.....	2	2	2	2	2	2	2	2	2	2
Subtotal:											
Budget authority	.....	−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Outlays	.....	−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Total:											
Budget authority	−60	730	795	895	985	1,025	1,125	1,175	1,230	1,270	1,230
Outlays	−235	585	695	780	865	920	1,005	1,050	1,085	1,135	1,175

a. The estimated costs of the interest rate changes excluding the expected government costs associated with the cap on borrower interest rates are as follows:

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Budget authority	95	185	195	230	250	260	270	280	290	300	310
Outlays	45	150	175	195	220	235	245	255	260	270	280

b. Less than $500,000.

In estimating the expected federal costs of the interest rate formula change, CBO used a vector autoregressive model to simulate the variation in interest rates around the CBO's baseline forecast. The model provided probabilities of how often and by how much the simulated rates exceeded the 8.25 percent interest rate cap. These probabilities were then used in CBO's model of the student loan program to estimate changes in subsidy costs.

Changes affecting guarantors.—S. 1882 would restructure the financing of guaranty agencies and divide the current agency reserve funds into federal and agency property. In addition, many of the federal payments to and from the guaranty agencies would be altered by this bill. Overall, the provisions affecting guaranty agencies are estimated to reduce federal costs by $414 million over the 1998–2003 period.

This bill would reduce the federal insurance rate on new insured loans from 98 percent to 95 percent; the reinsurance rates for high default agencies would also be lowered. This change would lower costs by $390 million over the 1998–2003 period, assuming an effective date of June 1, 1998.

S. 1882 would lower the retention allowance on default collections by the guaranty agencies. Currently, agencies are allowed to retain 27 percent of their recoveries from loans that default; the remainder goes to the federal government. The bill would reduce the retention allowance to 24 percent except for consolidations of defaulted loans, where the percentage would be set at 18.5 percent. This change would apply to all default collections as of October 1, 1998, and result in an estimated $385 million in savings over the 1998–2003 period.

The bill would eliminate the payment to guaranty agencies in cases where the agencies assist lenders in attempting to avert defaults. Currently the payment is equal to 1 percent of the principal and interest of loans for which the lenders do not file a default claim for at least 270 days after the loan is determined to be delinquent. The elimination of this payment, which would apply for outstanding as well as new loans, would save $260 million from 1998 to 2003.

The bill would reclaim $200 million in agency reserves over the next five years. Although agency reserves are considered the property of the federal government, federal budgetary documents have never displayed these reserves as assets of the federal government. Consequently, as with the reserves recaptured in the Balanced Budget Act of 1997, the Office of Management and Budget (OMB) has displayed any reserves being reclaimed as offsetting receipts, and CBO has followed this budgetary treatment. The reserves reclaimed under s. 1882 are therefore estimated to reduce net federal spending by $200 million over the 1999–2003 period.

The bill would establish a new federal subsidy payment to guaranty agencies equal to 0.65 percent of new guaranteed loan volume.

Based on CBO's estimate of loan volume, this provision would cost $690 million over the next five years.

The bill would increase the current $150 million annual mandated set-aside of Section 458 funds to be used for administrative costs. The new payments would be 0.12 percent of outstanding guarantee loan volume for 1999 and 2000 and 0.1 percent thereafter. Section 458 funds would be increased by $131 million over the 1999–2003 period.

Changes affecting borrowers (exclusive of changes in interest rates).—S. 1882 would make numerous changes in the student loan program that could have implications for borrowers. In total, the provisions affecting borrowers—excluding the change in interest rates—would cost the federal government an estimated $460 million over the 1998–2003 period.

The bill would provide for a degree of loan cancellation for some teachers in public or private elementary or secondary schools in school districts eligible for Title I grants and in a school with more than 30 percent of students from low-income families. Teachers would have to demonstrate knowledge and teaching skills (in the case of elementary school teachers) or be teaching in a subject area relevant to their college major (in the case of secondary school teachers). Loan cancellation would apply only to subsidized loans up to $10,000, and the loans and accrued interest would be canceled according to the following schedule: nothing for the first three years of teaching, 30 percent in each of the fourth and fifth years, and the remaining 40 percent in the sixth year. Eligibility would be restricted to new loans issued to new borrowers beginning on the date of enactment of this bill. The estimated costs of this provision were based on information from the National Center on Education Statistics on the number of newly hired teachers who are recent college graduates and the number of teachers who teach in the types of schools which would be eligible to participate under this program, as well as information on the number of elementary teachers who are certified to teach and the number of secondary teachers who are teaching in their major. By 2003, some 35,000 new teachers are estimated to be participating in this program. The estimated subsidy costs of the provision are $345 million over the 1998–2003 period.

This bill would also modify certain rules with regard to loan disbursements, change the calculations determining eligibility for loans, and modify various repayment rules and terms. Together these changes would increase costs by $115 million over the 1998–2003 period.

VI. Regulatory Impact Statement

The committee has determined that there will be only a negligible increase in the regulatory burden of paperwork as a result of this legislation.

VII. Application of Law to the Legislative Branch

Other changes.—S. 1882 would modify and permanently extend the exemption to a rule that would eliminate schools from participating in the student loan program if their default rates for a co-

hort exceeded 25 percent. CBO estimates that this provision will increase federal costs by $5 million in both fiscal years 1998 and 1999 and $30 million over the 1998–2003 period.

Interactions among student loan provisions.—Because the proposed changes in the student loan programs interact with each other, the total budgetary affects from all of the provisions together do not equal the sum of the individual components. For example, changes in loan volume due to changes in eligibility rules would affect the costs of the change in interest rates. When all of the provisions are considered together, the interactions increase the costs by $22 million in 1999 and $94 million through 2003.

Perkins Loans.—Under current law, the Perkins loan revolving fund collects receipts of certain repayments from Perkins loans that have been assigned, referred to, or transferred to the Department of Education. The monies in this fund are to be disbursed by the Secretary to Perkins loan schools in the form of grants for new capital. S. 1882 would repeal this fund and deposit its current balances in the Treasury. This change would save $200 million over the 1998–2003 period. S. 1882 would also mandate that the Secretary of Education pay off Perkins loans for borrowers whose schools closed before they completed their course of education. Few borrowers would be affected by this provision, and its cost would be negligible.

Pay-as-you-go considerations: The provisions S. 1882 would affect direct spending and therefore would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1990. The pay-as-you-go procedures cover only the current year, the budget year, and the succeeding four years. The pay-as-you-go effects of the bill are shown in the table below.

SUMMARY OF PAY-AS-YOU-GO EFFECTS

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Change in outlays	−235	585	695	780	865	920	1,005	1,050	1,085	1,135	1,175
Change in receipts	Not applciable										

Intergovernmental and private-sector impact: S. 1882 contains no intergovernmental mandates or private-sector mandates as defined in UMRA. The bill would, on the whole, benefit public institutions of higher education. While some new requirements would be imposed on these institutions, they would not be considered mandates under UMRA because they would be conditions of receiving federal assistance.

Previous CBO estimate: On April 17, 1998, CBO provided an estimate of H.R. 6, the Higher Education Amendments of 1998. H.R. 6 provided authorizations amounting to $100 billion and increased direct spending by an estimated $3.8 billion over the 1999–2003 period. Where the provisions of H.R. 6 and S. 1882 are the same, the estimates are identical.

Estimate prepared by: Federal Cost: Deborah Kalcevic, Justin Latus, Josh O'Harra, and Christina Hawley Sadoti; Impact on

State, local and tribal Governments: Marc Nicole; Impact on the private sector: Nabeel Alsalam.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

S. 1882 reauthorizes and amends the Higher Education Act of 1965 to continue programs primarily offering assistance to students and institutions of higher education and, as such, has no application to the legislative branch.

VIII. Section-by-Section Analysis

Section 1 provides that the act may be cited as the "Higher Education Amendments of 1998".

Section 2 provides that references in this act will refer to sections or provisions of the Higher Education Act of 1995, unless expressly stated otherwise.

TITLE I—GENERAL PROVISIONS

Section 101 repeals the current title I (Partnerships for Educational Excellence) and the current title XII sections 1203, 1206, 1211, and 1212. Current title XII sections 1201, 1202, 1204 (as renumbered by Public Law 90–575), 1204 (as added by Public Law 96–374), 1205, 1207, 1208, 1209, 1210, and 1213 are transferred to title I and redesignated as sections 101, 102, 103, 104, 105, 106, 107, 108, 109, and 110, respectively. Current title XII section 1203 provisions are transferred to subpart 4 of part A of title IV and redesignated as section 415G.

Section 102 makes a technical correction to the redesignated section 103 by striking "(b)".

Section 103 amends the redesignated section 105 (National Advisory Committee on Institutional Quality and Integrity) by deleting obsolete references and extending the authorization of the committee through September 30, 2004. The section also requires the Secretary to publish the expiration dates of terms of members of the committee and to solicit nominations for vacancies on the committee.

Section 104 adds new sections 111 and 112:

New section 111 preserves prior rights and obligations for facility projects approved prior to 1987 under parts A, B, C and D of title VII of the Higher Education Act as these parts were in effect prior to enactment of the Higher Education Act Amendments of 1992. Section 111 also preserves prior rights and obligations for projects approved under part C of title VII as such part was in effect after enactment of the Higher Education Act Amendments of 1992 and prior to the date of enactment of the Higher Education Act Amendments of 1998. Federal funds are authorized to pay obligations incurred prior to 1987 under parts C and D of title VII and for obligations incurred between enactment of the Higher Education Act Amendments of 1992 and the Higher Education Act Amendments of 1998.

New section 112 retains the provisions stating that the period of Federal interest in an academic facility constructed with aid under part A or part B shall consist of 20 years following construction of the facility.

Section 105 corrects references in other Federal statutes and cross-references in the Higher Education Act of 1965 to reflect the redesignation of current title XII sections, particularly current section 1201 (Definitions).

TITLE II—IMPROVING TEACHER QUALITY

Section 201 of the bill adds to the act a new title II, entitled Improving Teacher Quality and creates the following new sections:

Section 201 includes the purposes of the title. The purposes of the title are to improve student achievement, to improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities, and to hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach—including training in the effective uses of technologies in the classroom.

Part A—Teacher quality

Subpart 1—Teacher quality enhancement grants

Section 211 authorizes Teacher Quality Enhancement Grants, which are grants made to States for a period of up to 5 years. Each State desiring a grant under subpart 1 shall, consistent with State law, designate a chief individual or entity responsible for the State supervision of education to administer the activities under this subpart. The individual or entity with the authority to submit the application shall consult with the Governor, State board of education, or State educational agency, as appropriate. Nothing in this subpart shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official. States must match federal funds with nonfederal sources on a 1:1 basis in cash or in kind.

Section 212 specifies the use of funds under this subpart. Grant funds must be used to reform teacher preparation requirements and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach by carrying out 1 or more of the following activities: (1) implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teacher plans to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in a subject area or related discipline in which the teacher plans to teach; (2) reforming teacher certification or licensure requirements to ensure that new teachers have the necessary teaching skills and academic content knowledge in the subject areas where they are assigned to teach; (3) providing prospective teachers with alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations; (4) funding programs that establish, expand, or improve alternative routes to State certification for highly quali-

fied individuals from other occupations and recent college graduates with records of academic distinction, including support during the initial teaching experience; (5) developing and implementing effective mechanisms to ensure that schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to remove teachers who are not qualified; (6) developing and implementing innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas that may include the recruitment of highly qualified individuals from other occupations through alternative certification programs; and (7) developing and implementing efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

Section 213 specifies that grants under the subpart will be awarded competitively as well as require that the Secretary use a peer review panel in making initial recommendations. The panel is required to give priority to applications from States that include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach and involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas.

Section 214 requires that States desiring a grant under the subpart submit an application to the Secretary containing such information as the Secretary may require and that the application include a description of how the State intends to use the funds provided under this subpart.

Subpart 2—Teacher training partnership grant

Section 221 authorizes the Secretary to make grants to teacher training partnerships for periods of up to 5 years. Teacher training partnerships must include a school of arts and science, a school or program of education, a local education agency and a kindergarten-through-grade-12 school and must include a high need local education agency or kindergarten-through-grade-12 school. Partnerships may include a State educational agency, a pre-kindergarten program, a nonprofit educational organization, a business, or a teacher organization. High need is defined as a local education agency or kindergarten-through-grade-12 school that serves an area within a State in which there is a large number of individuals from families with incomes below the poverty line; a high percentage of teachers not teaching in the content area in which the teachers were trained to teach; or a high teacher turnover rate. Priority shall be given to partnerships that involve business.

In awarding grants, the Secretary must take into consideration providing an equitable geographic distribution of grants throughout the United States and the proposed project's potential for creating

improvement and positive change. Finally, partnerships may receive a grant under this subpart only once.

Section 222 specifies the use of funds in this subpart. Funds shall be used to: (1) coordinate with the activities of the Governor, State board of education, and State educational agency as appropriate; (2) provide sustained high quality preservice clinical experiences, including the mentoring of prospective teachers by veteran teachers; (3) work with schools of arts and science to provide increased academic study in a proposed teaching speciality area; (4) substantially increase interaction and 2-way collaboration between faculty at institutions of higher education and new and experienced teachers, principals and other administrators at elementary or secondary schools; (5) prepare teachers to use technology effectively in the classroom; (6) integrate reliable research-based teaching methods into the curriculum; (7) broadly disseminate information on effective practices used by the partnership; and (8) provide support, including preparation time, for interaction between faculty at an institution of higher education and classroom teachers. No individual member of the partnership shall retain more than 50 percent of the funds made available to the partnership under subpart 2.

Section 223 specifies that any teacher training partnership desiring a grant must submit an application. Each application shall: (1) describe the composition of the partnership and the involvement of each partner in the development of the application; (2) contain a needs assessment; (3) contain a resource assessment; (4) describe how the partnership will include participation of schools, colleges, or departments of arts and sciences within an institution of higher education to ensure the integration of teaching techniques and content in teaching preparation; (5) describe how the partnership will restructure and improve teaching, teacher training, and development programs and how such systemic changes will contribute to increased student achievement; (6) describe how the partnership will prepare teachers to work with diverse student populations; (7) describe how the partnership will prepare teachers to use technology; (8) contain a dissemination plan regarding knowledge and information with respect to effective teaching practices and a description of how such knowledge will be implemented in elementary or secondary schools as well as in institutions of higher education; (9) describe the commitment of the partnership to continue the activities assisted under this subpart without grant funds provided under this subpart; and (10) describe how the partnership will involve parents in the reform process.

Subpart 3—General provisions

Section 231 includes accountability and evaluation provisions. A State receiving a Teacher Quality Enhancement Grant shall submit an accountability report to the Secretary, the Senate Labor and Human Resources Committee and the House Committee on Education and the Workforce describing the degree to which the State, in using funds provided has made progress in meeting the following goals: (1) increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments; (2) raising State academic standards required to enter the teaching profession

including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach; (3) increasing success in the passage rate for initial State teacher certification or licensure or increasing the number of highly qualified individuals being certified or licensed as teachers through alternative programs; (4) increasing the percentage of secondary school classes taught in core academic subject areas by teachers with academic majors in those areas or in a related field who can demonstrate a high level of competence through rigorous academic subject area tests or who can demonstrate high levels of competence through experience in relevant content areas and increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences or who can demonstrate high levels of competence through experience in relevant content areas; (5) decreasing shortages of qualified teachers in poor urban and rural areas; (6) increasing opportunities for enhanced and ongoing professional development that improves academic content knowledge of teachers in subject areas in which teachers are certified to teach or in which the teachers are working toward certification to teach; and (7) increasing the number of teachers prepared to integrate technology in the classroom.

Any local education agency that benefits from the activities assisted under subpart 1 shall make available, upon request and in an understandable format, to any parent of a student attending any school served by the local education agency, information regarding the qualification of the student's classroom teacher with regard to subject matter in which the teacher provides instruction. The local education agency shall inform parents that the parents are entitled to receive this information upon request.

Teacher Training Partnerships supported under subpart 2 are required to establish an evaluation plan that includes strong performance objectives established in negotiation with the Secretary at the time of the grant award. The plan shall include objectives and measures for: (1) increased student achievement for all students as measured by increased graduation rates, decreased dropout rates or higher scores on State, local or other assessments for a year compared to student achievement as determined by the rates or scores for the year prior to the year for which the grant under this part is received; (2) increased teacher retention in the first 3 years of a teacher's career; (3) increased success in the passage rate for initial State certification or licensure of teachers; (4) increased percentage of secondary school classes taught in core academic subject areas by teachers with academic majors in those areas or in a related field who can demonstrate a high level of competence through rigorous academic subject area tests and increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences; (5) increased integration of technology in teacher preparation and in classroom instruction; (6) restructuring or change of methodology courses to reflect best practices learned from elementary schools, secondary schools, or other entities; (7) increased dissemination of information about effective teaching strategies and practices; and (8) other effects of increased integration among members of the partnership.

Section 232 specifies conditions under which a State or partnership may have its grant revoked. Each State or partnership must report annually on progress toward meeting the purposes of this part, and the goals, objectives and measures described in section 231. If the Secretary, after consultation with the peer review panel, where appropriate, determines that the State or the partnership is not making substantial progress in meeting the purposes, goals, objectives, and measures as appropriate by the end of the second year of the grant, the grant shall not be continued in the third year of the grant.

Section 233 requires that the Secretary evaluate the activities funded under this part and report the findings to the Committee on Labor and Human Resources in the Senate and the Committee on Education and the Workforce of the House of Representatives. In addition, the Secretary is required to disseminate both successful practices as well as information regarding such practices so developed that were found to be ineffective.

Section 234 requires the Secretary to conduct a study through the National Center for Education Statistics regarding the ways teachers are trained and the extent to which teachers in the United States and other comparable countries are teaching in areas other than the teachers' fields and the nature and extent of the problem of out-of-field teaching in the United States. The study shall include, at a minimum, all the countries that participated in the Third International Mathematics and Science Study (TIMSS). The Secretary is required to report the results of the study to Congress.

Section 235 authorizes $300 million for fiscal year 1999 and such sums as necessary in the 4 succeeding fiscal years to carry out the activities under this part, of which 50 percent shall be available for each year to carry out subpart 1 and 50 percent to carry out subpart 2.

Part B—Recruiting new teachers for underserved areas

Section 251 contains the statement of purpose. The purposes of this part are to provide scholarships and, as necessary, support services for students with high potential to become effective teachers, particularly minority students; to increase the quality and number of new teachers nationally; and to increase the ability of schools in underserved areas to recruit a qualified teaching staff.

Section 252 includes definitions used in this part. It includes definitions for "eligible partnership," "additional partners," "support services," and "underserved areas."

Section 253 outlines grant authority and conditions. The Secretary is authorized to award grants, on a competitive basis, to eligible partnerships to enable the eligible partnership to pay the Federal costs of activities defined in section 255. Grants shall be awarded for a period that shall not exceed 5 years. The Secretary shall make grant payments for the second and succeeding years of a grant only after determining that the eligible partnership is making satisfactory progress in carrying out the activities under the grant and shall conduct an intensive review of the eligible partnership's progress under the grant with outside experts before making grant payments in the fourth year of the grant. No eligible partnerships may receive more than 2 grants under this subsection. The

federal share of the cost of activities shall not exceed 70 percent in the first year of the grant, 60 percent in the second and third years, 50 percent in the fourth, fifth and any succeeding year (including each year of the second grant). The nonfederal share may be provided in cash or in kind from any non Federal public or private source. Planning grants of up to 1 year are available to eligible partnerships. Partnerships that wish to receive a planning grant shall separately apply for a grant under that subsection.

Section 254 requires that an eligible partnership must submit an application to the Secretary. Each application shall include: (1) a designation of the institution or agency within the eligible partnership that will serve as the fiscal agent for grants; (2) information on the quality of the teacher preparation program of the institution of higher education participating in the eligible partnership and how the eligible partnership will ensure that the scholarship recipients will receive high-quality preparation; (3) a description of the assessment the members of the partnership have undertaken to determine the most critical needs of the local educational agencies, particularly the need of schools in high poverty areas, for new teachers (which may include teachers in particular subject areas or at certain grade levels) and how the project carried out under the grant will address those needs and that reflects the input of all significant entities in the community that have an interest in teacher recruitment, preparation and induction; (4) a description of the project the eligible partnership will carry out with the grant; (5) a description of how the institution will use funds provided under the grant only to increase the number of students with high potential to be effective teachers or to increase the graduates who are minority individuals; (6) a description of commitments, by the local educational agencies participating in the partnership, to hire qualified scholarship recipients in the schools served by the agencies and in the subject areas or grade levels for which the scholarship recipients will be trained as well as a description of the actions of the participating institution of higher education, the participating local educational agencies, and the other partners will take to facilitate the successful transition of the recipients into teaching; and (7) a description of the eligible partnership's plan for institutionalizing the activities the partnership is carrying out under this part, so the activities will continue once Federal funding ceases.

Section 255 specifies use of funds. Funds under this part shall be used for scholarships to help students pay the federal costs of tuition, room, board, and other expenses of completing a teacher preparation program; support services, if needed to enable the scholarship recipient to complete postsecondary education programs; follow-up services during the first 3 years of teaching; payments to partner local education agencies, if needed to enable the agencies to permit paraprofessional staff to participate in teacher preparation programs; and, if no other money is available, to pay for cost of additional courses taken by former scholarship recipients during the recipients initial 3 years of teaching. Funds for planning grants shall be used for the costs of planning for the implementation of a grant under section 253.

Section 256 directs the Secretary to select eligible partnerships to receive funds on the basis of the quality of the teacher prepara-

tion program offered by the institution participating in the partnership; the quality of the program carried out under the application; and the capacity of the partnership to carry out the grant successfully. The Secretary shall use a peer review process. In awarding grants, the Secretary shall seek to ensure that, in the aggregate, eligible partnerships carry out a variety of approaches to preparing new teachers and that there is equitable geographic distribution of grants. The Secretary shall give special consideration to applications most likely to result in the preparation of an increased number of individuals with high potential for effective teaching who are minorities and to applications from partnerships that have as members Historically Black Colleges and Universities, Hispanic-serving institutions and Tribal Colleges and Universities. In selecting eligible partnerships to receive second-year grant payments, the Secretary shall give preference to projects that have resulted in the placement and retention of a substantial number of high-quality graduates in teaching positions in underserved high-poverty schools; the adoption of effective programs that meet the teacher preparation needs of high-poverty urban and rural areas; and effective partnerships with elementary schools and secondary schools that are supporting improvements in student achievement.

Section 257 states that no individual may receive a scholarship under this part for more than 5 years of postsecondary education and unless the individual satisfies the requirements of section 484(a)(5) of the Higher Education Act. No individual may receive a scholarship awarded under this part that exceeds the cost of attendance, as defined in section 472 of the Higher Education Act, at the institution of higher education the individual is attending. A scholarship under this part shall not be reduced on the basis of the individual's receipt of other forms of Federal student assistance and shall be regarded as other financial assistance available to the student with the meaning of sections 471(3) and 480(j)(1) of the Higher Education Act, in determining the student's eligibility for grant, loan or work assistance under title IV.

Section 258 notes that a recipient of a scholarship under this part shall continue to receive the scholarship only as long as the recipient is enrolled as a full-time student and is pursuing a course of study leading to teacher certification, unless the recipient is working in a public school as a paraprofessional or as a teacher under emergency credentials while participating in the program and maintaining satisfactory progress as determined by the institution of higher education participating in the partnership. Each eligible partnership shall modify the application of section 257(a)(1) and of subsection (a)(1) to the extent necessary to accommodate the rights of individuals with disabilities under section 504 of the Rehabilitation Act of 1973.

Section 259 requires that each eligible partnership enter into an agreement with each student to whom the partnership awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within 7 years of completing that program, teach full-time for at least 5 years in a high-poverty school in an underserved geographic area or repay the amount of the scholarship under terms and conditions established by the Secretary. The Secretary shall

prescribe regulations including provisions for waiver of the agreement requirements.

Section 260 requires the Secretary to provide an evaluation of the program that shall assess issues such as: (1) whether institutions participating in the eligible partnership are successful in preparing scholarship recipients to teach to high State and local standards; (2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether the recipients continue teaching in those areas over a period of years; (3) the national impact of the program in assisting local education agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which the agencies have the greatest needs; (4) the long-term impact of the grants on teacher preparation programs conducted by institutions of higher education participating in the eligible partnership and on the institutions' relationships with their partner local education agencies and other members of the partnership; and (5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

Section 261 allows the Secretary to reserve up to 5 percent of the funds appropriated for this part for peer review of applicants, conducting the evaluations required under section 260, and technical assistance.

Section 262 authorizes $37 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

TITLE III—INSTITUTIONAL AID

Section 301—Transfers and Redesignations. Section 301 transfers the Historically Black College and University Capital Financing Program from title VII of the current act and redesignates it as part D of title III. Section 301 also transfers the Minority Science Improvement program from title X of the current act and redesignates it as part E of title III. Section 366, the Science and Engineering Access Program, as redesignated, is repealed.

Part A—strengthening institutions

Section 302—Findings. Section 302 amends section 301(a) of the current act to express the sense of Congress that institutions of higher education should improve their technological capabilities and make effective use of technology.

Section 303—Strengthening Institutions. Section 303 amends section 311 of the current act to require the Secretary to provide special consideration to applications that propose to improve their technological capacity through the acquisition of high technology equipment and infrastructure.

Section 303(a)(2)—Endowment Funds. Section 303(a)(2) authorizes eligible institutions to utilize not more than 20 percent of their grants for establishing or increasing an endowment fund in accordance with the applicable provisions of part C.

Section 303(b)—Wait-out Period. Section 303(b) amends section 313 of the current act by requiring that any institution that receives a 5-year grant be ineligible to receive an additional grant under this part until 2 years after the date on which the 5-year grant terminates.

Section 303(c)—American Tribally Controlled Colleges and Universities. Section 303(c) amends section 316 of the current act to establish a new program to provide grants to American Tribal Colleges and Universities.

Part B—Strengthening historically black colleges and universities

Section 304—Strengthening HBCU's. Section 304 amends section 323 of the current act to allow eligible institutions to utilize not more than 20 percent of their grants for the purpose of establishing or increasing an endowment fund in accordance with the applicable provisions of part C.

Section 304(b) amends section 326 of the current act to clarify that nonfederal matching funds are only required for that portion of a grant that exceeds $500,000.

Section 304(b)(2) amends section 326 of the current act to allow eligible institutions to utilize funds in support of any qualified graduate program.

Section 305—Endowment Challenge Grants. Section 305 amends section 331(b)(2)(B) of the current act to simplify the allocation formula and clarify that no institution is eligible for an endowment grant in excess of $500,000.

Part C—Historically black college and university capital financing program

Section 306—HBCU Capital Financing Program. Section 306 amends section 722(5) of the current act to expand the definition of capital project to include facilities for the administration of educational programs, student unions, outpatient health care facilities for use by students or faculty, and maintenance, storage, or utility facilities that are essential to the operation of these facilities. Section 306 also authorizes the Secretary to sell any qualified bond guaranteed under this part to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.

Part D—Minority science and engineering improvement program

Section 307—Minority Science and Engineering Improvement Program. Section 307 amends section 1046(4) of the current act to expand the definition of science, for the purposes of this part, to include behavioral sciences.

Part E—General provisions

Section 308—General Provisions. Section 308 makes conforming changes to section 351 of the current act to reflect the transfer of the Historically Black College Capital Financing program and the Minority Science and Engineering Improvement Program from title VII and title X to title III. Section 308 exempts these programs from the requirement under parts A, B, and C that applications contain a comprehensive development plan to strengthen the insti-

tution's institutional management. In addition, the Historically Black College Capital Financing program is exempted from the requirements contained within section 354(a)(2) of the current act pertaining to membership of peer review committees.

Section 308(d) amends section 360 of the current act to provide the following authorization levels:

Part A—Strengthening Institutions. There are authorized to be appropriated to carry out part A (other than section 316), $135 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding years.

Section 316—American Indian Tribally Controlled Colleges and Universities. There are authorized to be appropriated to carry out section 316, $5 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding years. In addition, the trigger requirement that part A receive $80 million before section 316 may be funded is repealed.

Part B—Strengthening Historically Black Colleges and Universities. There are authorized to be appropriated to carry out part B (other than section 316), $135 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding years.

Section 326—Professional or Graduate Institutions. There are authorized to be appropriated to carry out section 326, $30 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding years.

Part C—Endowment Challenge Grants. There are authorized to be appropriated to carry out part C, $10 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding years.

Part D—Historically Black College and University Capital Financing. There are authorized to be appropriated to carry out part D, $110,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

Part E—Minority Science and Engineering Improvement Program. There are authorized to be appropriated to carry out part E, $10 million for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

TITLE IV—STUDENT ASSISTANCE

Part A—Grants to students in attendance at institutions of higher education

Section 412(a) of the bill amends the heading of title IV, part A, subpart 1 from "Basic Educational Opportunity Grants" to "Federal Pell Grants."

Section 412(b)(1) amends the heading in section 401 of the act from "Basic Educational Opportunity Grant" to "Federal Pell Grant."

Section 412(b)(2) amends section 401(a)(1) of the act in the first sentence by striking "shall, during the period beginning July 1, 1972, and ending September 30, 1998," and inserting, for each fiscal year through fiscal year 2004, shall". New language is included allowing for a transition to a "just in-time payment" of the Pell Grant to institutions by adding in the second sentence, "until such time as the Secretary determines and publishes in the Federal Reg-

ister with an opportunity for comment, an alternative payment system that provides payments to institution in an accurate and timely manner."

Section 412(b)(3) amends section 401(b) of the act by striking current authorized maximum grant levels in subsection (2)(A) and replacing them with $5,000 for academic year 1999–2000; $5,200 for academic year 2000–2001; $5,400 for academic year 2001–2002; $5,600 for academic year 2002–2003 and $5,800 for academic year 2003–2004. The tuition sensitivity language in paragraph (3) is amended as follows: "(3) for any academic year for which an appropriations act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—(A) one-half of the amount by which such maximum basic grant exceeds $2,400; plus (B) the lesser of—(i) the remaining one-half of such excess; or (ii) the sum of the student's tuition, fees, and if the student has dependent care expenses (as described in section 472(8) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses." The step function in determining the minimum Pell Grant is eliminated by amending paragraph (5), striking "$400" and inserting "$200." The Secretary is required to issue regulations relating to a student's receiving two Pell Grants in a single award year.

Section 412(b)(4) amends section 401(c)(1) of the act to read as follows: "Except as provided in subparagraph (B), the period during which a student may receive a basic grant shall be the period, required for the completion of the first undergraduate baccalaureate course of study pursued by the student at the institution at which the student is in attendance, that does not exceed 150 percent of the period normally required by a full-time student (or the equivalent period, in the case of a part-time student) to complete the course of study at the institution, as determined by the institution. A student may receive basic grants under this subpart for a period that exceeds the period described in subparagraph (A) to the extent the institution in which the student in enrolled determines necessary to accommodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973." Paragraph (2) is amended by striking "Nothing" and inserting instead "Except as provided in subparagraph (B), nothing"; by striking "or, in the case" and all that follows through "or skills" and by adding "(B)(i) A student may receive a basic grant to attend English language instruction that is a separate course of instruction only if—(I) students enrolled in such a course are required to take an independently administered standardized test of English language proficiency upon completion of the course; and (II) not less than a minimum percentage of such students achieve a passing score on that test. (ii) The Secretary shall promulgate regulations that specify 1 or more standardized tests of English proficiency, the minimum percentage of students who must achieve a passing score on the tests, and such other requirements as the Secretary determines are necessary to implement clause (i).

Part A, Subpart 2—Federal early outreach and student services programs

Chapter 1—Federal trio programs

Section 413 amends the TRIO programs.

Section 413(a) amends section 402A of the act in subsection (b)(3) by increasing the minimum grants levels as follows: in subparagraph (A) by striking $170,000 for fiscal year 1993, and replacing it with $190,000 for each fiscal year; in subparagraph (B) by striking $180,000 in fiscal year 1994, and replacing it with $200,000 in each fiscal year; and in subparagraph (C) by striking $190,000 in fiscal year 1995, and replacing it with $210,000 for each fiscal year.

Section 413(a)(2) amends the last sentence of section 402A(c)(6) of the act as follows: "The Secretary shall permit a Director of a program assisted under this chapter to also administer 1 or more additional programs for disadvantaged students operated by the sponsoring entity regardless of the funding source of such additional program."

Section 413(a)(3) amends section 402A(f) of the act to provide an authorization of $700 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Section 413(b) amends section 402B of the act, the Talent Search program, by allowing Talent Search projects to provide services such as activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly under represented.

Section 413(c) amends section 402C of the act, the Upward Bound program, so as to include "work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree" as a permissible service. It further amends Upward Bound to include language that permits youth participating in a work-study position, as defined in the new provisions, to be paid a stipend of $300 per month during June, July, and August and states that youth participating in a project proposed to be carried out under an application may be paid stipends not in excess of $40 per month during the remaining parts of the year.

Section 413(d) makes changes to the Student Support Services program by amending section 402D(c) of the act to read as follows: "consider, in addition to other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in providing sufficient financial assistance to meet the full financial need of each student at the institution and maintaining the loan burden of each student at a manageable level."

Section 413(e) amends the Evaluation and Dissemination provisions in section 402H of the act by including the following new provisions for Evaluation and Project Improvement and Dissemination Partnership projects. The Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this subpart. Such evaluations shall identify institutional, community and program or project practices that are particularly effective in enhancing access, preparation, and success of low-income individuals and first-generation college students to postsecondary education. The

Secretary may also award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out programs or projects assisted under this subpart, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations that are not receiving assistance under this subpart and are serving low-income students and first-generation college students in order to disseminate and replicate best practices of programs or projects assisted under this subpart and provide technical assistance regarding programs and projects assisted under this subpart. The Secretary shall disseminate results of evaluations and grants to similar programs or projects assisted under this subpart as well as other individuals concerned with postsecondary access for and retention of low-income individuals and first-generation college students.

Subpart 2, Chapter 2—National early intervention scholarship and partnership program

Section 414 amends the National Early Intervention Scholarship and Partnership Program in section 404G of the act by authorizing $200 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Subpart 3—Federal supplemental education opportunity grants

Section 415 amends the Federal Supplemental Educational Opportunities Grant Program.

Section 415(a) amends section 413A(b) of the act by authorizing $700 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Section 415(b) amends subsection (d) of section 413C of the act to read as follows: If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on a less than full time basis, a reasonable portion of the allocation shall be made available to such students.

Section 415(c) provides for carryover and carryback authority in the SEOG program by adding a new section 413E to the act. Of the sums made available to the institution, not more than 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart. Of sums made available to the institution, not more than 10 percent may, at the discretion of the institution, be used by the institution for expenditure for the fiscal year preceding the fiscal year for which the sums were appropriated. Any sums that are not needed by the institution to award supplemental grants during the fiscal year, that the institution does not wish to use during the succeeding or preceding fiscal year as authorized, shall be made available to the Secretary for reallocation under section 413D(e).

Subpart 4—Leveraging educational assistance partnership program

Section 416(a) amends the State Student Incentive Grant program, renamed the Leveraging Educational Assistance Partnership Program, in section 415A(b)(1) of the act by authorizing $105 million for fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding fiscal years. It inserts a new paragraph (2) that includes reservation language that states that in any fiscal year for which amounts appropriated under paragraph (1) exceed $35 million, the excess shall be available to carry out section 415E and renumbers the paragraphs accordingly.

Section 416(b) inserts a new section 415E titled, Special Leveraging Educational Assistance Partnership Program. For funds appropriated in excess of $35 million, the Secretary shall make allotments among States in the same manner as the Secretary makes allotments under section 415B and award grants to States to enable the States to pay for the Federal costs of authorized activities. Provisions of this subpart that are not inconsistent with this section shall apply to the program authorized in this section. Each State receiving a grant under this section may use grant funds for: (1) increasing the dollar amounts of grants awarded under section 415B to eligible students with demonstrated financial need; (2) carrying out transition programs from secondary school to postsecondary education for eligible students with demonstrated financial need; (3) making funds available for community service work-study activities for eligible students who demonstrate financial need; (4) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching; (5) creating a scholarship program for eligible students who demonstrate financial need and wish to enter a program of study leading to a degree in math, computer science or engineering; (6) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and (7) awarding merit or academic scholarships to eligible students who demonstrate financial need. States receiving a grant under this section shall provide an assurance to the Secretary that the aggregate amount expended per student or the aggregate expenditure by the States, from funds derived from nonfederal sources, for the authorized activities for the preceding fiscal year, were not less than the amount expended per student or the aggregate expenditure by the State for the activities for the second preceding fiscal year. The federal share of the cost of the authorized activities for any fiscal year shall be 33 1/3 percent. Provisions relating to Federal-State relationship and State agreements are moved from title XII of the act to section 415G.

Subpart 5—Special programs for students whose families are engaged in migrant and seasonal farmwork

Section 417 amends the Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farmwork. The High School Equivalency Program (HEP) is amended in section 418A(g)(1) of the act by authorizing funding $25 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years. The College Assistance Migrant Program (CAMP) is

amended in section 418A(g)(2) of the act by authorizing funding of $10 million for fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Subpart 6—Robert C. Byrd Honors Scholarship Program

Section 418 amends the Robert C. Byrd Honors Scholarship Program in section 419K of the act by authorizing funding of $45 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Section 419 amends part A of title IV, to add a subpart 7, to read as follows:

Subpart 7—Child care access means parents in school

New section 419N authorizes the Child Care Access Means Parents in School program.

Subsection (a) defines the purpose to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

Subsection (b) allows the Secretary to award grants to institutions of higher education to assist in providing campus-based child care services primarily to low-income students; restricts the amount of a grant to no more than 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution for the preceding fiscal year but no less than $10,000; and requires the Secretary to award grants for 3 years, which may be renewed for 3 years, and which are subject to fulfilling the requirements of new subsection (e)(2). This subsection also explains that an institution of higher education is eligible to receive a grant for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution for the preceding fiscal year equals or exceeds $350,000; requires that institutions receiving these grants use funds to support or establish a campus-based child care program primarily servicing the needs of low-income students enrolled at that institution; clarifies that nothing in this section shall be construed to prohibit an institution that receives a grant from serving the child care needs of the community served by the institution; and defines a "low-income student" as a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

Subsection (c) requires an institution of higher education desiring a grant under this section to submit an application to the Secretary in a timely manner and that the application include the information that the Secretary may require. Applications must: (1) demonstrate that the institution is an eligible institution described in subsection (b)(4); (2) specify the amount of funds requested; (3) demonstrate the need of low-income students at the institution for campus-based child care services by including information regarding student demographics, an assessment of child care capacity on or near campus, information regarding the existence of waiting lists for existing child care, information regarding additional needs created by concentrations of poverty or by geographic isolation, and other relevant data; (4) describe the activities to be assisted, including whether funds will support an existing or new child care program; (5) identify the resources, including technical and finan-

cial, that the institution will use to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, accessing foundation, corporate, or other institutional support, and demonstrating that the use of the resources will not result in increases in student tuition; (6) assure that the institution will meet the child care needs of low-income students through the provision or through a contract for the provision of services; (7) describe the extent to which the child care program will coordinate with the institution's early childhood education curriculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section; (8) provide a timeline delineating the steps to achieve the goal of providing low-income students with child care services; (9)specify any measures the institution will take to assist low-income students with child care before the institution provides child care services; and include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary; (10) assure that any child care facility assisted under this section will meet applicable State or local government licensing, certification, approval, or registration requirements; and (11) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives this assistance.

Subsection (d) establishes a priority in awarding grants to institutions of higher education submitting applications describing programs that leverage substantial local or institutional resources, including in-kind contributions, to support the activities assisted under this section, and utilize a sliding fee scale for child care services provided under this section to support a high number of low-income parents pursuing postsecondary education at the institution.

Subsection (e) requires institutions receiving a grant to report to the Secretary 18 months and 36 months after receiving the first grant data on the population served; information on campus and community resources and funding used to help low-income students access child care services; information on progress made toward accreditation of any child care facility; and information on the impact of the grant on the quality, availability, and affordability of campus-based child care services. This subsection also requires the Secretary to make the third annual grant payment to an institution only if the Secretary determines, on the basis of the required 18-month report, that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

Subsection (f) explains that no funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

Subsection (g) authorizes $60 million to be appropriated for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Part B—Federal family education loan program

Section 421. Advances For Reserve Funds. Section 421(1)(A) amends section 422 of the current act to require that nonstate designated guarantors have the capacity to respond to electronic inquiries from students and financial aid officers in addition to the current requirement that they have the capacity to respond to written and telephone inquiries.

Section 421(1)(B) amends section 422 of the current act by striking reference to the transition from the Federal Family Education Loan Program to the Federal Direct Student Loan Program.

Section 421(3) amends section 422 of the current act to recall to the Federal treasury $200 million in reserve funds. These funds will be deposited in the Federal treasury in 5 equal $40 million installments in each of fiscal years 1999, 2000, 2001, 2002, and 2003. Each agency is required to return an equal percentage reduction of their reserve funds. This percentage will be calculated by dividing $200 million by the total amount of all guaranty agency reserve funds held on September 30, 1996. If any agency returns to the Treasury any funds in excess of the amount required under this act or the Balanced Budget Act of 1997, the $200 million recall will be reduced by the excess amount.

Section 422 amends the current act to create the following new section entitled Federal Student Loan Reserve Fund:

Section 422A. This section requires each guaranty agency to transfer all funds, securities, and other liquid assets contained in the reserve fund into a newly created Federal Student Loan Reserve Fund. These funds shall be invested in obligations issued or guaranteed by the United States or other similarly low-risk securities. Earnings from these investments will be the sole property of the Federal Government. In addition, guaranty agencies will deposit in the Federal fund all amounts received from the Secretary as payment of reinsurance on loans, the amount of the insurance premium collected from borrowers, and from amounts collected on defaulted loans, the complement of the reinsurance percentage in effect when payment was made pursuant to section 428(c)(6)(A)(i) of the current act.

Section 422A(d) restricts the use of funds contained within the Federal fund to the payment of lender claims and the payment of default prevention fees.

Section 422A(f) establishes a 5-year transition period during which each guaranty agency must transition completely from dependence upon the reserve fund for operating expenses to dependence upon fees paid to the guaranty agencies for services performed on behalf of the FFEL program. During the first 3 years of this period, a guaranty agency may transfer not more than 180 days cash expenses for normal operating expenses for use in the performance of its duties under part B of title IV of this act. At the end of the third year, each guaranty agency must begin repayment of any amount transferred pursuant to this section. All funds transferred pursuant to this section must be returned to the Federal Fund not

later than 5 years after the establishment of the new operating fund. Any guaranty agency that fails to make a scheduled repayment to the Federal fund will be ineligible to receive any other funds under this part until the Secretary determines that the agency has made the scheduled repayment.

Section 422A(f)(6) amends section 428(c)(9)(A) of the current act to clarify that the Secretary shall include the amounts transferred pursuant to section 422A(f) when calculating the guaranty agencies compliance with the minimum reserve requirements.

Section 423. Agency Operating Fund. Section 423 amends part B of title IV of the current act to create the following new section:

Section 422B. Agency Operating Fund. Section 422B authorizes the establishment of a new agency operating fund. Each guaranty agency, within 45 days of the date of enactment of the act, must establish a fund designated as the agency operating fund. Funds contained within this fund, with the exception of funds transferred during the transition period, are the sole property of the guaranty agency and may be invested and expended at the discretion of the guaranty agency. The guaranty agency may deposit into this account the loan processing fee paid by the Secretary for the origination of loans pursuant to section 428(f) as amended by this act, the portfolio maintenance fee paid pursuant to section 458 as amended by this act, the default prevention fee paid pursuant to section 428(l) as amended by this act, and amounts remaining from the collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, and after deposit in the Federal Student Loan Reserve Fund of a percentage amount equal to the complement of the reinsurance percentage amount in effect when payment was made on the defaulted loan.

Section 422B(d) specifies that the operating fund shall be used to conduct student financial aid related activities, including but not limited to, application processing, loan disbursement, enrollment and repayment status management, default prevention activities, default collection activities, and school and lender training. A guaranty agency may also transfer funds from the agency operating fund to the Federal Student Loan Reserve Fund for use pursuant to section 422A of the current act as amended in order to ensure timely payment of lender claims and compliance with minimum reserve ratio requirements. Such transfers shall be irrevocable and any funds transferred shall become the sole property of the Federal Government.

Section 422B(e) establishes that the operating fund shall be considered to be the property of the guaranty agency. The Secretary may not regulate the uses or expenditures of funds in the operating fund; however, during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of transfer under 422A(f) of this act, funds in the operating fund may only be used for expenses related to the student loan programs authorized under part B of title IV of this act. The Secretary may require such audits and reports as are provided for in section 428(b)(2).

Section 422B(f) authorizes the Secretary to allow guaranty agencies to acquire nonliquid assets of the guaranty agency that were originally acquired with student loan reserve funds. A guaranty agency may not acquire any nonliquid assets during any period in

which it owes funds to the Federal Student Loan Reserve Fund as a result of a transfer under section 422A(f). The purchase amount shall be available for expenditures pursuant to section 458 of the current act as amended.

Section 424. Applicable Interest Rates. Section 424 amends section 427A of the current act to establish that effective July 1, 1998, students who borrow new subsidized or unsubsidized Federal Stafford loans under title IV will pay an interest rate that is equivalent to the bond equivalent rate of 91-day Treasury bills plus 2.3 percent with an interest rate cap of 8.25 percent on these loans. With respect to any loan made after July 1, 1998 under this part (other than Federal PLUS loans or Federal consolidation loans) the interest rate paid by borrowers prior to the beginning of repayment or while the student is in-school will be equivalent to the bond equivalent rate of 91-day Treasury bills plus 1.7 percent. The interest rate paid by borrowers under the Federal PLUS Loan program will be set at the rate currently being paid by borrowers—the bond equivalent rate of 91-day Treasury bills plus 3.1 percent with an interest rate cap of 9 percent.

Section 424(a)(2) makes a conforming change to section 428B(d)(4) pertaining to the interest rate for Federal PLUS loans.

Section 424(b) amends section 438(b)(2)(F) of the current act to establish the special allowance that will be paid to lenders for Federal Stafford loans disbursed on or after July 1, 1998. Special allowance payments will be calculated quarterly by determining the average of the bond equivalent rates for 91-day Treasury bills auctioned during the 3-month period, subtracting from that the applicable interest rate established in section 424(a) of the bill, adding 2.8 percent to the resultant percent and dividing the resultant percent by 4. With respect to any loan made after July 1, 1998 under this part (other than Federal PLUS loans or consolidation loans) the special allowance paid to lenders prior to the beginning of repayment or while the student is in-school will be calculated quarterly by determining the average of the bond equivalent rates for 91-day Treasury bills auctioned during the 3-month period, subtracting from that the applicable interest rate established in section 424(a), adding 2.2 percent to the resultant percent and dividing the resultant percent by 4. With respect to any PLUS Loan for which the first disbursement is made on or after July 1, 1998, special allowance payments shall be calculated quarterly by determining the average of the bond equivalent rates for 91-day Treasury bills auctioned during the 3-month period, subtracting from that the applicable interest rate established in section 424(a), adding 3.1 percent to the resultant percent and dividing the resultant percent by 4. No special allowance will be paid for a PLUS Loan, however, unless the applicable interest rate determined for any 12-month period exceeds 9 percent.

Section 425. Federal Payments to Reduce Student Interest Costs. Section 425 amends section 428(a) of the current act to reduce the paperwork burden placed upon students, schools and lenders. Institutions of higher education will only be required to submit to lenders documents that set forth the loan amount for which the student is eligible and a schedule for disbursement of the proceeds of the loan. Institutions of higher education will be required to determine

and document the student's amount of need for a loan based upon the student's estimated cost of attendance, estimated financial assistance, and expected family contribution in accordance with part F of the current act as amended by this act.

Section 425(a)(1)(D) strikes 428(a)(2)(F) of the current act to reflect the consolidation of provisions relating to financial aid officer discretion in section 479A.

Section 425(a)(2) amends section 428(a)(3)(A)(v) of the current act to clarify that for the purposes of determining when students and/or the Federal Government must begin to pay interest on Federal Stafford student loans, loan disbursement refers to disbursement by the institution of higher education.

Section 425(b)(1)(A)(iv) amends section 428(b)(1)(A) of the current act to clarify, consistent with current policy determinations by the Secretary, that for the purposes specified in sections 484(b)(3)(B) and 484(b)(4)(B), a student is eligible for $2,625 for course work necessary for enrollment in an undergraduate degree or certificate program, and $5,500 for course work necessary for enrollment in a graduate or professional degree or certification program or for course work necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school.

Section 425(b)(1)(B) amends section 428(b)(1)(E) of the current act to provide first time borrowers with a student loan balance in excess of $30,000 the option of selecting an extended or graduated repayment schedule.

Section 425(b)(1)(D) amends section 428(b)(1)(U) of the current act to reduce the regulatory burden on small eligible lenders. An eligible lender that originates or holds $5 million or less in loans made under this title for any fiscal year is exempted from the annual audit requirements.

Section 425(c) amends section 428(c) of the current act to reduce guaranty agency reimbursement for losses (as a result of the default of a student borrower) on the unpaid balance of the principal and accrued interest on any insured loan from 98 percent to 95 percent of the amount expended by it in discharge of its insurance obligation. In any year for which the guaranty agency has a default rate exceeding 5 percent, the reinsurance payment shall be reduced from 88 percent to 85 percent. In any year in which the guaranty agency has a default rate in excess of 9 percent, the reinsurance payment shall be reduced from 78 percent to 75 percent.

Section 425(c)(2) amends section 428(c)(3)(A)(i) of the current act to allow students to make electronic as well as written requests for forbearance.

Section 425(c)(2)(D) amends section 428(c)(3) of the current act to allow a 60-day forbearance to be provided to a borrower, at the borrower's request, in order to collect or process supporting documentation related to the request for forbearance. During this period, interest may not be capitalized.

Section 425(c)(3) amends section 428(c)(6) of the current act to reduce the guaranty agency collection retention allowance from 27 percent to 24 percent.

Section 425(c)(4) amends section 428(c)(8) of the current act to delete reference to a transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 425(c)(5)(A) amends section 428(c)(9) of the current act to reduce the required current minimum reserve level from .5 percent to .25 percent consistent with the recall of reserves authorized under section 421 of the bill.

Section 425(c)(5)(B) amends section 428(c)(9)(C) of the current act to reduce from 80 percent to 78 percent the Federal reimbursement payments that can be made to a guaranty agency that falls below the minimum reserve requirements for 2 consecutive years. The section also extends from 30 days to 45 days the time in which a guaranty agency must submit and implement a management plan if the Secretary determines that the administrative or financial status of the agency jeopardizes its ability to fulfill its responsibilities.

Section 425(c)(5)(C) amends section 428(c)(9)(E)(vi) of the current act to delete reference to the transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 425(c)(5)(D) amends section 428(c)(9)(F)(vii) of the current act to delete reference to the transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 425(c)(5)(E) amends section 428(c)(9)(K) of the current act to delete reference to the transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 425(d) deletes section 428(e) of the current act providing payments to guaranty agencies for lender referrals.

Section 425(e) amends section 428(f) of the current act pertaining to the administrative cost allowance and replaces it, for loans originated on or after October 1, 1998, with a loan processing and issuance fee equal to 0.65 percent of the total amount of FFEL loans issued by the guaranty agency in any fiscal year.

Section 425(f) amends section 428(j) of the current act to delete reference to the transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 425(g) amends section 428(l) of the current act to eliminate payments for preclaims assistance and supplemental preclaims assistance and replace it with a new default prevention fee. Upon receipt of a proper request from a lender (not earlier than the 60th nor later than the 90th day of delinquency) a guaranty agency shall engage in default aversion activities designed to prevent the default by a borrower on a student loan. Guaranty agencies will be required to meet a higher standard for default aversion and the 1 percent default prevention fee shall only be paid to the guaranty agency for loans that are brought current on or before the 210th day that the loan became delinquent. In addition, the fee can only be paid once on any loan unless the borrower remains current for at least 24 months.

Section 426. Voluntary Flexible Agreements. Section 426 of the bill creates the following new section:

Section 428A. Voluntary Flexible Agreements with Guaranty Agencies. Section 428A permits the Secretary to enter into a vol-

untary, flexible agreement with guaranty agencies in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement of subsections (b) and (c) of section 428 of the current act, except that the Secretary may not waive any statutory requirement pertaining to default claim payments made to lenders, the prohibitions on inducements contained in section 428(b)(3) of the current act, or pertaining to the terms and conditions attached to student loans, including those pertaining to students, institutions of higher education, lenders, and secondary markets.

Section 428A(a)(2) permits the Secretary to enter into voluntary flexible agreements with 6 guaranty agencies during fiscal years 1999, 2000, and 2001. Beginning in fiscal year 2000, any guaranty agency may enter into a similar agreement with the Secretary.

Section 428A(a)(3) requires the Secretary to provide, no later than September 30, 2001, a report to the Committee on Labor and Human Resources and the Committee on Education and the Workforce regarding the impact that the voluntary, flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. This report will include a description of each voluntary flexible agreement and the performance goals established by the Secretary for each agreement, a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each agency, a description of the standards by which each participating agency's performance was assessed and the degree to which each participating agency achieved the established performance standards, and an analysis of the fees paid by the Secretary, and the costs and efficiencies achieved under each voluntary agreement.

Section 428A(b) describes the terms of the agreement into which the Secretary and a guaranty agency may mutually agree to enter and specifies that under no circumstances may the agreement result in increased costs to the Secretary.

Section 428A(c) requires the Secretary to reinstate the guaranty agency's prior agreement under subsections (b) and (c) of section 428 upon the expiration or early termination of an agreement reached under this section.

Section 427. Federal PLUS Loans. Section 427 amends section 428B of the current act to permit the Secretary to require parents to meet additional eligibility criteria established by the Secretary in order to borrow Federal PLUS Loans.

Section 427(2) amends section 428B of the current act to require that parents seeking to borrow PLUS Loans will be subject to verification of their immigration status and their social security number in a manner consistent with student verification authorized under current law.

Section 428. Federal Consolidation Loans. Section 428 amends sections 428C(a)(3) of the current act to prohibit borrowers who are subject to a judgement secured through litigation or an order for wage garnishment from consolidating their loans in order to circumvent the order or judgement.

Section 428(2) amends section 428C(a)(3)(B) of the current act to allow borrowers to consolidate loans that were received prior to the date of a consolidation loan. Under current law a borrower is pro-

vided with 180 days from the date of a consolidation loan to add any loans that were received prior to the consolidation loan. Loans that were received prior to the consolidation loan that were not added during the 180-day window could not be included in a subsequent consolidation loan. Section 428(2) of this act allows these loans to be included in a subsequent consolidation loan.

Section 429. Requirements for Disbursements of Student Loans. Section 429(1) amends section 428G of the current act to exempt the loans of students in the final period of enrollment in a student's baccalaureate program of study, at an institution with a cohort default rate that is 5 percent or less, from the multiple disbursement requirements contained within 428G(a) of the current act.

Section 429(2) amends section 428G(b) of the current act to exempt the loans of first year students, attending an institution with a cohort default rate that is 5 percent or less, from the requirement of a 30-day delay in check disbursement or disbursement by an institution.

Section 430. Default Reduction Program. Section 430 amends the heading for subsection (b) of section 428F of the current act to more accurately reflect the content and purpose of the subsection.

Section 431. Unsubsidized Loans. Section 431 amends section 428H(b) of the current act to reduce the paperwork burden placed upon students, schools and lenders. Institutions of higher education will only be required to submit to lenders documents that set forth the loan amount for which the student is eligible and a schedule for disbursement of the proceeds of the loan. Institutions of higher education will be required to determine and document the student's amount of need for a loan based upon the student's estimated cost of attendance, estimated financial assistance, and expected family contribution in accordance with part F of the current act as amended.

Section 431(2)(A)(i) makes technical changes to section 428H(d) of the current act to make the definition of academic year applicable to annual loan limits consistent with definition contained within section 481(d)(2).

Section 431(2)(A)(iii) amends section 428H(d)(2) of the current act to clarify, consistent with current policy determinations by the Secretary, that for the purposes specified in sections 484(b)(3)(B) and 484(b)(4)(B), a student is eligible for $4,000 for course work necessary for enrollment in an undergraduate degree or certificate program, and $5,000 for course work necessary for enrollment in a graduate or professional degree or certification program or for course work necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school.

Section 431(2)(B) amends section 428H(d)(3) to clarify that maximum aggregate loan limits shall not include interest capitalized during an in-school period.

Section 431(3) amends section 428H(e)(6) to provide first time borrowers with a student loan balance in excess of $30,000 the option of selecting an extended or graduated repayment schedule.

Section 432. Loan Forgiveness for Teachers. Section 432 amends section 428J of the current act to establish a loan forgiveness program for teachers and to read as follows:

Section 428J. The Secretary is authorized to carry out a program assuming the obligation to repay a subsidized Federal Stafford loan for any new borrower that has been employed for 3 complete school years as a full-time teacher in a school that is eligible for funding under title I of the Elementary and Secondary Education Act of 1965 and in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school. Eligible secondary school teachers must teach in a subject area that is relevant to the borrower's academic major. Eligible elementary school teachers must demonstrate knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum. The Secretary is authorized to repay through reimbursement to the holder, 30 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans owed by the eligible borrower after the completion of the fourth or fifth complete school year of service. The Secretary is authorized to repay through reimbursement to the holder, 40 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans owed by the eligible borrower after the completion of the sixth complete school year of service. The total amount that the Secretary may repay for any borrower shall not exceed $10,000.

Section 433. Loan Forgiveness for Child Care Providers. Section 433 adds a new section 428K to the act, to read as follows:

Section 428K. Loan Forgiveness for Child Care Providers. The Secretary is authorized to conduct a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under part B or part D for any new borrower after the date of enactment of the Higher Education Amendments of 1998 who completes a degree in early childhood education; obtains employment in a child care facility; and is working full-time and earning an amount that does not exceed the greater of an amount equal to 100 percent of the poverty line for a family of 2. The Secretary is authorized to repay through reimbursement to the holder, 20 percent of a student's outstanding principal and applicable interest for loans originated after enactment of this act, after the borrower completes the second year of employment in a child care facility. The Secretary is authorized to repay, through reimbursement to the holder, 20 percent of a borrower's outstanding principal and applicable interest for loans originated after enactment of this act, after the borrower completes the second year of employment in a child care facility. After each of the fourth and fifth years of employment, the Secretary is authorized to repay through reimbursement to the holder, 30 percent of the total amount of loans originated after enactment of this act. Loan repayment under this program will be on a first-come, first-served basis subject to the availability of appropriations.

Section 428K(f) authorizes the Secretary to conduct an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

Section 428K(g) authorizes $10 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years to carry out the purposes of section 428K.

Section 434. Common Forms and Formats. Section 434 amends section 432(m)(1) of the current act to authorize the Secretary to utilize multiyear promissory notes and to allow guaranty agencies, borrowers, and lenders to use electronically printed versions of common forms approved for use by the Secretary.

Section 435. Student Loan Information By Eligible Lenders. Section 435(1) amends section 433(a) of the current act to allow lenders to provide loan information and fulfill disclosure requirements prior to disbursement of a student loan utilizing electronic as well as written media. Each lender must provide a telephone number and may provide an electronic address as part of the disclosure.

Section 435(2) amends section 433(b) of the current act to allow lenders to make required disclosures prior to the onset of the repayment period utilizing electronic as well as written media. Each lender must provide a telephone number and may provide an electronic address as part of the required disclosure.

Section 436. Definitions. Section 436 amends section 435(a)(2) of the current act to require that if an institution loses eligibility to participate in the part B and part D student loan programs as a result of exceeding the cohort default rate threshold and elects to continue to participate in the program while it appeals the loss of eligibility, it must provide the Secretary with a letter of credit that is sufficient to cover the institution's potential liabilities. If the institution is unsuccessful in its appeal, the institution shall be required to pay the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or that the Secretary is obligated to make) with respect to loans made to the institution's students under this part during the appeal period.

Section 436(a)(1)(B) amends section 435(a)(2)(C) of the current act to specify that if a Historically Black College or University, a Tribally Controlled College or University, or a Navajo Community College exceeds the cohort default rate threshold for 2 consecutive years, it will be required to submit to the Secretary a default management plan that contains criterion that will demonstrate continuous improvement in the institution's cohort default rate. If the institution fails to submit the required plan, or demonstrate continuous improvement, the institution will be subject to a loss of eligibility to participate in the part B and part D student loan programs.

Section 436(a)(2) amends section 435(a)(3)(C) of the current act to require that an institution seeking to appeal its loss of eligibility as a result of a high cohort default rate will be provided, within 30 days of request, a representative sample of the relevant loan servicing and collection records used by a guaranty agency in determining whether to pay a claim on a defaulted loan included in the cohort.

Section 436(a)(3) amends section 435(a) of the current act to exempt institutions that have a student loan participation rate index that is equal to 0.0375 or less for any of the 3 applicable participation rate indices shall not be subject to a loss of eligibility based upon a high cohort default rate. The participation rate index shall be determined by multiplying the institution's cohort default rate (or weighted average cohort default rate) by the percentage of stu-

dents enrolled on at least a half-time basis for a 12-month period. This amendment will mitigate the impact of the cohort default rate threshold upon institutions with very low rates of participation in the part B and D programs.

Section 436(b) amends section 435(d)(1)(A)(ii) of the current act to include within the definition of an eligible lender a bank that is a wholly owned subsidiary of a nonprofit foundation that makes loans under this part only to undergraduate students who are age 22 or younger and has a loan portfolio that does not exceed $5 million.

Section 436(c) amends section 435(m)(1)(B) of the current act to clarify that when considering appeals with respect to cohort default rates, the Secretary shall exclude improperly serviced loans entirely from the calculation of an institution's cohort default rate.

Section 437. Delegation of Functions. Section 437 amends section 436 of the current act by deleting provisions referring to the obsolete District of Columbia Student Loan Insurance Program and replacing it with a new section 436. This new section clarifies that an eligible lender (including a lender that holds a loan in the lender's capacity as trustee) or guaranty agency that contracts with another entity to perform any of the lender's or agency's functions remains responsible for the compliance of the contracting entity with the requirements of title IV.

Section 438. Special Allowances. Sections 438(a)(1) and (2) amends section 438(c) of the current act to authorize the Secretary to bill an eligible lender directly for required origination and loan fees if, and only if, the lender fails or is not required to bill the Secretary for interest and special allowance or withdraws from the program.

Section 438(b) makes a conforming change to section 432(f)(1)(D) of the current act to reflect the elimination of the requirement to submit a plan for doing business.

Section 439 requires the Secretary of the Treasury to conduct a study of the feasibility of employing market-based mechanisms, including some form of auction, for determining student loan interest rates under title IV of the Higher Education Act of 1965. The Secretary shall provide a report to Congress no later than September 30, 1999.

Part C—Federal work-study programs

Sections 441, 442 and 443 amend part C of the act, the Federal Work-Study Programs.

Section 441 amends section 441(b) of the act to authorize $900 million in fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years to carry out the Federal Work-Study program. It amends subsection (c) of section 441 of the act by inserting "including child care services provided on campus" and by inserting in paragraph (3) of the same subsection, "including students with disabilities who are enrolled at the institution."

Section 442(1) changes provisions of section 443(b) of the act relating to less-than-full-time and independent students. Paragraph (3) is amended to read as follows: provided that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of

this title and meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are attending the institution on a less-than-full-time basis or independent students, a reasonable portion of the allocation shall be made available to such students.

Section 442(2) amends section 443(b)(5) by adding a new subparagraph (B) to provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent. Paragraph (6) is amended by striking the provision requiring that institutions of higher education make equivalent employment offered or arranged by the institutions reasonably available (to the extent of available funds) to all students in the institution who desire such employment.

Section 443 amends provisions relating to Work Colleges in section 448 of the act by adding 2 new authorized activities to subsection (b)(2): coordinate and carry out joint projects and activities to promote work service learning; and carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation. It authorizes in subsection (f) $7 million for fiscal year 1999 and such sums as may be necessary in the 4 succeeding fiscal years.

Part D—William D. Ford Federal Direct Loan Program

Section 451. Selection of Institutions. Section 451 amends section 453(c) of the act to repeal reference to the transition from the Federal Family Education Loan program to the Federal Direct Student Loan Program.

Section 452. Terms and Conditions. Section 452 amends section 455(b) of the current act to establish that effective July 1, 1998, students who borrow new subsidized or unsubsidized student Federal Direct Stafford loans under title IV, part D of the current act will pay an interest rate that is equivalent to the bond equivalent rate of 91-day Treasury bills plus 2.3 percent with an interest rate cap of 8.25 percent on these loans. With respect to any loan made after July 1, 1998, under this part (other than Federal Direct PLUS loans or Federal Direct consolidation loans) the interest rate paid by borrowers prior to the beginning of repayment or while the student is in-school will be equivalent to the bond equivalent rate of 91-day Treasury bills plus 1.7 percent. The interest rate paid by borrowers under the PLUS Loan program will be set at the rate currently being paid by borrowers—the bond equivalent rate of 91-day Treasury bills plus 3.1 percent with an interest rate cap of 9 percent.

Section 452 also amends section 455(b) to permit the Secretary of Education to prescribe by regulation repayment incentives designed to encourage on-time repayment of a student loan under part D. These incentives may be offered to borrowers only if the Secretary, after receiving a report from the Office of Management and Budget, certifies that the incentive is both cost neutral and in the best interest of the Federal Government. Any increase in sub-

sidy costs resulting from incentives shall be completely offset by corresponding savings in funds available for the Federal Direct Loan Program in that fiscal year from the administrative account authorized under section 458 of the current act.

Section 454. Funds for Administrative Expenses. Section 454 amends section 458 of the current act to provide for the payment of the new account maintenance fees payable to guaranty agencies under part B. Funds available for the account in section 458 have been increased in accordance with estimates by the Congressional Budget Office to ensure that these fees do not deplete funds that would otherwise be available for the administration of the Federal Direct Loan Program in accordance with the Balanced Budget Act of 1997.

Part E—Federal Perkins loans

Sections 461, 462, 463, 464, 465 and 466 amend part E of the act, the Federal Perkins Loan Program.

Section 461 amends section 461(b) of the act to authorize $250 million for fiscal year 1999 and such sums as may be necessary in each of the 4 succeeding fiscal years.

Section 462(a)(1) amends section 462(d)(3) by striking "the Secretary for" and all that follows through "years."

Section 462(a)(2) amends subsection (f) relating to Default Penalties. For fiscal years 1998 and any succeeding fiscal year, any institution with a cohort default rate that equals or exceeds 25 percent shall have a default penalty of zero. For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate that equals or exceeds 50 percent for each of the 3 most recent years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and the 2 succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after the submission of the appeal. Such decision may permit the institution to continue to participate in the program under this part if the institution demonstrates to the satisfaction of the Secretary that the calculation of the institution's cohort default rate is not accurate, and that recalculation would reduce the institution's cohort default rate for any of the 3 fiscal years below 50 percent, or, that there are, in the judgement of the Secretary, exceptional mitigating circumstances, such as small number of borrowers entering repayment, that would make the application of this paragraph inequitable. During an appeal, the Secretary may permit the institution to continue to participate in the Federal Perkins Loan program. For the purpose of this part, the term, "loss of eligibility" shall be defined as the mandatory liquidation of an institution's student loan fund, and assignment of the institution's outstanding loan portfolio to the Secretary.

Section 462(a)(3) amends section 462(g)(1) of the act to state that, for award year 1998 and subsequent years, the maximum cohort default rate is 25 percent.

Section 462(a)(4) amends section 462(h) of the act by changing the heading in the definition to read, "DEFINITION OF COHORT DE-

FAULT RATE" and by striking paragraphs (1) and (2) and renumbering as appropriate. Subparagraph (B) of the new paragraph (1) is stricken and other subparagraphs are renumbered as appropriate. The matter preceding subparagraph (A) of the new paragraph (2) is amended by striking "A loan" and inserting "For purposes of calculating the cohort default rate under this subsection, a loan."

Section 462(b) includes a number of conforming amendments to section 462 of the act. In the matter following paragraphs (1)(B) and (2)(D)(ii) of subsection (a) of the act, "cohort" is inserted before "default" each place the term appears. In the matter following paragraphs (2)(B) and (3)(C) of subsection (c) of the act, "cohort" is inserted before "default" each place the term appears. In subsection (e)(2) of the act, "cohort" is inserted before "default." In the new subsection (h)(1)(F) of the act, "cohort" is inserted before "default."

Section 463 amends section 463(a)(2)(B) to read as follows: "a capital contribution by an institution in an amount equal to one-third of the Federal capital contributions described in subparagraph (A)." Subsection (c)(2) is amended in the matter preceding subparagraph (A) by striking "by the Secretary" and all that follows through "of—" and inserting "by the Secretary or an institution, as the case may be, to such organizations, with respect to any loan held by the Secretary or the institution, respectively, of—" and subparagraph (A) is amended to read as follows: "the date of disbursement and the amount of such loans made to any borrower under this part at the time of disbursement of the loan;". Subparagraph (B) is amended by inserting "the repayment and" after "concerning" and by striking "any defaulted" and inserting "such". Subparagraph (C) is amended by inserting ", or upon cancellation or discharge of the borrower's obligation on the loan for any reason" before the period. Paragraph (3) is amended in the matter preceding subparagraph (A) by striking "until—" and inserting "until the loan is paid in full", by striking subparagraphs (A) and (B) and by amending paragraph (4) to read as follows: "Except as provided in subparagraph (B), an institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement the information set forth in subparagraph (2), and shall disclose promptly to such credit bureau organization any changes to the information previously disclosed. (B) The Secretary may promulgate regulations establishing criteria under which an institution of higher education may cease reporting the information described in paragraph (2) before a loan is paid in full.".

Section 464(1) makes changes to section 464 of the act by amending subsection (a)(2) to read as follows: "Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

"(i) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

"(ii) $6,000, in the case of a graduate or professional student.

"(B) Except as provided in paragraph (4), the aggregate of the loan for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(i) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loan from such funds made to such person before such person became a graduate or professional student),

"(ii) $20,000, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such degree (determined under regulations issued by the Secretary, and including any loans from such funds made to such person before such person became such a student); and

"(iii) $8,000, in the case of any other student."

Section 464(1) includes higher loan limits for students pursuing teaching as a career by including the following language in section 464(a)(2)(C):

"(i) The total of loans made to a student described in clause (ii) in any academic year or its equivalent by an institution of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(I) $8,000 for each of the third and fourth years of the program of instruction leading to a bachelor's degree; or

"(II) $10,000 for the first year of graduate study (as defined in regulations issued by the Secretary).

"(ii) A student referred to in clause (I) is any student (I) who is a junior in a program of instruction leading to a bachelor's degree (II) who states in writing that the student will pursue a course of study to become an elementary or secondary school teacher; and (III) who states in writing that the student intends to become a full-time teacher in a school which meets the requirements of section 465(a)(2)(A).

"(iii) Each institution shall provide a report to the Secretary annually containing the number of loans under this subparagraph that are made, the amount of each loan, and whether the students benefiting from the higher loan limits met the requirements for receiving those loans.

"(iv) If 3 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary determines that an institution has engaged in a pattern of abuse of this subparagraph, the Secretary may reduce or terminate the institution's Federal capital contribution."

Section 464(2) amends section 464(b) of the act by changing paragraph (2) to read as follows: "If an institution's capital contribution in section 462 is directly or indirectly based in part on the financial

need demonstrated by students who are attending the institution less than full time; or (B) independent students, a reasonable portion of the loan made from the institution's student loan fund containing the contribution shall be made available to such students."

Section 464(3) amends section 464(c)(1) of the act in paragraph (D) by striking "(i) 3 percent" and all that follows through "or (iii)" and by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively and by inserting after subparagraph (G) the following: "(H) shall provide that, in the case of a loan made after July 1, 1999, the loan shall be considered in default (except as otherwise provided in section 462(h)) if the borrower of a loan made under this part fails to make an installment payment when due, or to meet any other term of the promissory note or written repayment agreement, and such failure persists for—(I) 180 days in the case of a loan that is repayable in monthly installments; or (ii) 240 days in the case of a loan that is repayable in less frequent installments;".

Section 464(4) adds the following new subsection:

"(g) DISCHARGE.—

"(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including the interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and the institution's affiliates and principals, or settle the loan obligation pursuant to the financial responsibility standards described in section 498(c).

"(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund in an amount that does not exceed the amount discharged against the institution and the institution's affiliates and principals.

"(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period during which a student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

"(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall not be considered income for the purposes of the Internal Revenue Code of 1986.

"(5) REPORTING.—The Secretary or institution, as the case may be, shall report to the credit bureaus with respect to loans that have been discharged pursuant to this subsection.

"(h) REHABILITATION OF LOANS.—

"(1)REHABILITATION.—

"(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes 12 on-time,

consecutive, monthly payments of amounts owed on the loan, as determined by the institution, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit bureau organization or credit reporting agency to which the default was reported to remove the default from the borrower's credit history.

"(B) COMPARABLE CONDITIONS.—As long as the borrower continues to make scheduled payments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

"(C) ADDITIONAL ASSISTANCE.—The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which the borrower is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

"(D) LIMITATIONS.—A borrower only once may obtain the benefit of this paragraph with respect to rehabilitating a loan under this part.

"(2) RESTORATION OF ELIGIBILITY.—If the borrower of a loan made under this part who has defaulted on that loan makes 6 on-time, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower only once may obtain the benefit of this paragraph with respect to restored eligibility.

"(i) INCENTIVE REPAYMENT PROGRAM.—

"(1) IN GENERAL.—Each institution of higher education may establish, with the approval of the Secretary, an incentive repayment program designed to reduce default and to replenish student loan funds established under this part. Each such incentive repayment program may—

"(A) offer a reduction of the interest rate on a loan on which the borrower has made 48 regular consecutive monthly repayments, but in no event may the rate be reduced more than 1 percent;

"(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event may the discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

"(C) include such other incentive repayment options as the institution determines will carry out the objectives of this subsection.

"(2) LIMITATIONS.—No incentive repayment option under an incentive repayment program authorized by this subsection may be paid for with Federal funds, including any Federal funds from the student loan fund, nor can an incentive repay-

ment option be paid for with institutional funds from the student loan fund."

Section 465 amends section 466(a) of the act in the matter preceding paragraph (1) by striking "1996" and inserting "2003", by striking "1997" and inserting "2004", in paragraph (1), by striking "1996" and inserting "2003", in subsection (b) of the act by striking "2005" and inserting "2012", by striking "1996" and inserting "2003" and in subsection (c), by striking "1997" and inserting "2004".

Section 466 repeals subsection (c) of section 467 of the act and adds the following new language "TRANSFER OF BALANCE.—Any funds in the Perkins Revolving Fund on the date of enactment of this act shall be transferred to and deposited in the Treasury."

Part F—Need analysis

Sections 471 through 475 amend part F of the act, Need Analysis.

Section 471(1) amends section 472 paragraph (3) of the act by striking "not less than $1,500" and replacing it with "determined by the institution," in subparagraph (C) by striking "except that the amount may not be less than $2,500."

Section 471(2) amends section 472(11) by striking "placed" and inserting "engaged."

Section 472(1) amends the income protection allowance in section 475(g)(2)(D) by striking $1,750 and inserting $2,200. The section adds a new subparagraph (F) that reads as follows: "an allowance for parents' negative available income, determined in accordance with paragraph (6)." Paragraph (6) is inserted and reads as follows:

> "(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (1) exceeds the parents' total income (as defined in section 480)."

Section 472(2) adds the following new section (j) to section 475: "ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIOD OF LESS THAN NINE MONTHS.—For periods of enrollment of less than 9 months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing the amount determined under such subsection by 9 and multiplying the result by the number of months in the period of enrollment."

Section 473 amends provisions relating to Family contributions for Independent Student without Dependents other than a Spouse. Section 476(b)(1)(A)(iv) of the act is amended by striking $3,000 in subclause (I) and inserting $4,250, by striking $3,000 in subclause (II) and inserting $4,250 and by striking $6,000 in subclause (III) and inserting $7,250.

Section 474 updates tables and amounts in section 478(b) of the act. The provision strikes "For each academic year" and inserts "Revised Tables.—For each academic year." A new paragraph is inserted that requires the Secretary, for each academic year after 1999–2000, to publish in the Federal Register revised income protection allowances for the purposes of sections 475(g)(2)(D) and 476(b)(1)(A)(iv) of the act. Such revised allowance shall be devel-

oped by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1998 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

Section 475 amends section 479A (c) to state that an eligible institution may refuse to certify a statement that permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. It specifies that no eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age or disability status. This provision was moved from section 428(a)(2)(F) of the act.

Part G—General provisions relating to student assistance programs

Section 481 amends section 482 (Master Calendar) of the act to require the Department, to the extent feasible, to publish minimal software and hardware requirements by December 1 prior to the start of an award year. It amends section 482(c) by moving the publication deadline from December 1 to November 1 and authorizing the Secretary to designate regulatory provisions that institutions or other entities may choose to implement before the otherwise applicable effective date.

Section 482 amends section 483 (Forms and Regulations) of the act to: (1) permit borrowers seeking loans under part B to utilize the Free Application for Federal Student Aid as their loan application; (2) require the Secretary, in consultation with the States, to include data items needed to assist the States in awarding State student financial assistance; (3) require the Secretary to request the social security number of parents of dependent students seeking financial assistance under this title; (4) permit the Secretary to pay to obtain from third parties data that the Secretary considers essential to the efficient administration of the programs under this title; and (5) require the Secretary to develop and implement a multiyear promissory note for loans made for periods of enrollment beginning on or after July 1, 2000.

Section 483 amends section 484 (Student Eligibility) of the act to: (1) clarify the eligibility of home-school graduates for title IV assistance; (2) require the verification of IRS return information; and (3) prohibit title IV grant, loan, or work assistance to any student convicted of a drug-related offense.

Section 484 amends section 484B (Institutional Refunds) of the act to: (1) remove the reference to accrediting agency approved refund policies from the list of policies to be compared to determine which produces the largest amount, and (2) replace references to "last day of attendance" with "day the student withdrew," which is defined as the last recorded day of attendance by the student or—in instances where attendance is not recorded—either the day on which the student began the withdrawal process prescribed by the

institution or the day the student otherwise provided notification to the institution of the intent to withdraw.

Section 485 amends section 485 (Institutional and Financial Assistance Information for Students) of the act, as follows:

Subsection (a) amends section 485(a) (Information Dissemination Activities) to: (1) clarify that information may be made available through electronic media; (2) require each institution to provide annually to all enrolled students a list of the information required by the section, along with a statement of the procedures required to obtain the information; (3) add to the required list of information the requirements and procedures for student withdrawal and the consequences to the student with respect to receipt of refunds if the student fails to provide notification of withdrawal; (4) define "prospective student" as one who has expressed interest in applying for admission, as opposed to "requesting information"; and (5) provide that information regarding completion or graduation rates be made available by July 1 of each year to current and prospective students.

Subsection (b) amends section 485(b) (Exit Counseling for Borrowers) to clarify that an institution may utilize electronic means to provide personalized exit counseling.

Subsection (c) amends section 485(c) (Disclosures Required with Respect to Athletically Related Student Aid) to clarify that the provision of comparable data by a national collegiate athletic association to all secondary schools satisfies the requirements that information be disclosed to a prospective student athlete's guidance counselor and coach.

Subsection (d) amends section 485(f) (Disclosure of Campus Security Policy and Campus Crime Statistics) to: (1) revise and expand the list of crimes that must be included in campus crime statistics to include arson as well as crimes that manifest evidence of prejudice based on actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability; (2) require institutions to maintain an open daily log that records the nature, date, time, and general location of each crime reported to the local police or campus security and to update log entries when new information become available; (3) make explicit that neither victims nor persons accused of a crime may be identified in the reporting of campus crime statistics, except as required by State or local laws; and (4) require the Secretary, in consultation with the Attorney General, to provide for a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault and to authorize $1 million in fiscal year 1999 for such study.

Subsection (e) amends section 485(g) (Data Required) to: (1) transfer provisions relating to athletic revenues and expenses currently found in section 487(a)(18) to section 485(g); (2) provide that institutions make a statement of any reduction that will, or is likely to, occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport or in the resources made available to such sport, to the extent the reduction is known; and (3) require the Secretary to compile by April 1 of each year a report summarizing information reported by institutions regarding intercollegiate athletics, identifying trends in the information, and aggregating the information by divisions of

the National Collegiate Athletic Association. The Secretary is to make the report available on the Internet and to notify all secondary schools regarding the availability of intercollegiate athletics information.

Subsection (f) amends section 444(a)(4)(B) of the General Education Provisions Act to exclude criminal activities from a postsecondary student's educational records.

Section 486 amends section 485B (National Student Loan Data Bank System) to provide that borrowers under part E (Perkins Loans) are included in the Student Status Confirmation Report in the same manner as borrowers under parts B and D.

Section 487 amends section 486 of the act to: (1) strike provisions related to training in financial aid services and insert provisions dealing with information on the costs of higher education; (2) require the National Center for Education Statistics (NCES) to develop standard definitions of a few key financial cost concepts, institutions to report these data annually, and NCES to make this information available publicly through its integrated postsecondary education data systems on an annual basis; (3) require NCES, in consultation with the Bureau of Labor Statistics, to produce a report that would examine expenditures at institutions of higher education, how such expenditures change over time, and how such expenditures relate to college costs; (4) require NCES, in consultation with the Bureau of Labor Statistics, to develop a "Higher Education Market Basket" that could be used to determine the composition of the costs of higher education; and (5) authorize the Secretary to impose a fine of up to $25,000 on an institution of higher education for failure to provide the required information in a timely or accurate manner or for failure to otherwise cooperate with NCES regarding efforts to obtain data on the cost of higher education.

Section 488 amends section 487 (Program Participation Agreements) of the act to make several technical and conforming changes related to State Postsecondary Review Entity (SPRE) references (as SPRE is repealed), the addition of part D loans in sections now referencing only part B, and the clarification that "ownership" refers to for-profit institutions.

Section 489 amends section 487A (Quality Assurance Program) of the act to: (1) rename the section as "Regulatory Relief and Improvement"; (2) authorize the Secretary to select institutions for participation in a Quality Assurance Program (QAP) through which institutions may develop and implement their own comprehensive systems, including processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, to enhance program integrity; (3) permit the Secretary to waive regulatory, but not statutory, requirements dealing with reporting or verification that are addressed by the QAP participant's alternative management system; (4) require the Secretary to review the QAP conducted by each participating institution and make recommendations to Congress regarding amendments that would streamline the administration and enhance the integrity of Federal student assistance programs; (5) require the Secretary to review and evaluate the experience of institutions participating as experimental sites under current section

487A(d) and to report to Congress regarding the findings of each of the experiments and to make recommendations to improve and streamline the act, based on those findings; and (6) permit the Secretary to select a limited number of institutions for participation as experimental sites after the report regarding existing sites is submitted to Congress and after consultation with the appropriate committees of Congress.

Section 489A amends part G of the act by adding a new section 487C (Distance Education Demonstration Programs). This new demonstration authority permits the Secretary to select up to 5 institutions of higher education or consortia for which specified statutory restrictions in part F and part G may be waived. In addition, any regulatory requirement that inhibits distance education may be waived for participants in the demonstration. Demonstration program participants will be subject to ongoing review by the Department and will be evaluated by the Secretary, who will review issues such as student access and outcomes and student financial aid issues. In addition, the Secretary will issue a report to Congress identifying any additional statutory impediments to the expansion of quality distance education programs. An independent evaluation of the demonstration program and of broader issues dealing with distance education quality and student outcomes will be conducted by the National Academy of Sciences, for which up to $1 million will be made available. Based on the evaluations conducted by the Department and by the National Academy of Sciences, the Secretary may in the future select up to an additional 10 participants in the demonstration program.

Section 489B amends section 491 (Advisory Committee on Student Financial Assistance) of the act to: (1) clarify that the Advisory Committee on Student Financial Assistance (ACSFA) has independent control over staffing levels; (2) specify that reports and other documents are not subject to review by the Secretary; (3) prohibit Federal employees from serving as members of ACSFA; (4) allow ACSFA to obtain the services of temporary consultants; (5) increase the minimum level of ACSFA funding from $750,000 to $800,000; (6) revise the special analyses and activities to be conducted by ACSFA to include review of the modernization of student financial aid systems and delivery (including the implementation of a performance-based organization within the Department), the feasibility and degree of use of appropriate technology, the implications of distance education on student eligibility and other requirements for financial assistance, and redundant or outdated sections of the act and regulation; and (7) extend the authorization of ACSFA through October 1, 2004.

Section 489C amends section 492 (Regional Meetings and Negotiated Rulemaking) of the act to continue negotiated rulemaking and add part D to the parts (B, G, and H) that were subject to negotiated rulemaking following the 1992 reauthorization and to require negotiated rulemaking for developing all regulations for student loan programs.

Part H—Program Integrity Triad

Section 491 repeals the current subpart 1 of part H (State Postsecondary Review Program) and replaces it with provisions that de-

fine State responsibilities as being licensure and notification to the Secretary of revocation of license or evidence of institutional fraud. Institutions are required to prove they have authority to operate in a State.

Section 492 amends the current subpart 2 of part H (Accrediting Agency Approval) by: (1) substituting the word "recognition" for "approval" each time it appears in subpart 2; (2) substituting the word "criteria" for "standards" each time in appears in subpart 2; (3) adding language to make specific reference to distance education programs as among those subject to quality review by accrediting agencies; (4) reordering review criteria to place student learning and success first on the list; (5) deleting the specific references to clock and credit hours in describing the measures of program length to be assessed by an accrediting agency or association; (6) clarifying that an accreditation agency or association is to review an institution's record of compliance with program responsibilities under title IV, not to enforce compliance with title IV; (7) strengthening current statutory requirements relating to the time frame within which an accrediting agency or association must come into compliance after the Secretary has determined the agency or association has not met the requirements of section 496; and (8) making provision for the accreditation of institutions of higher education offering distance education courses or programs being within the scope of recognition of an accrediting agency or association.

Section 493 amends the current subpart 3 of part H (Eligibility and Certification Procedures), as follows:

Subsection (a) amends section 498(b) (Single Application Form) to: (1) require that an institution maintain a copy of any contract between the institution and a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request, instead of requiring that the institution supply the copy with its application to participate in the student aid programs under title IV, and (2) provide that an institution may select the specific loan programs offered under part B or part D in which it will participate.

Subsection (b) amends section 498(c) (Financial Responsibility Standards) to: (1) substitute more general language for the specific measures of financial responsibility currently mentioned in section 498(c)(2), and (2) specify that the Secretary may accept any reasonable third-party financial guarantees in cases where an institution fails to meet overall financial responsibility standards.

Subsection (c) amends section 498(e) (Financial Guarantees from Owners) to clarify that "ownership" refers to for-profit institutions.

Subsection (d) amends section 498(f) (Site Visits) to eliminate the requirement that the Department conduct site visits of all institutions and to eliminate the ability of the Department to charge fees to cover the expenses of certification and site visits.

Subsection (e) amends section 498(g) (Time Limitations on, and Renewal of, Eligibility) to: (1) update language that applied only to the 1992 Amendments; (2) give the Secretary the authority to recertify an institution for up to 6 years (rather than the 4 years in current law); (3) require the Secretary to inform an institution 6 months in advance of the expiration of its eligibility; and (4) establish a special rule for institutions of higher education located out-

side of the United States that receive less than $500,000 annually in Federal Family Education Loans.

Subsection (f) amends section 498(h) (Provisional Certification of Institutional Eligibility) to clarify that "ownership" refers to for-profit institutions.

Subsection (g) amends section 498(i) (Treatment of Changes of Ownership) to clarify that "ownership" refers to for-profit institutions.

Subsection (h) amends section 498(j) (Treatment of Branches) to clarify that, prior to seeking certification as a main campus or free-standing institution, a branch is required to be in existence for at least 2 years after it has been certified by the Secretary as a branch campus participating in a title IV program.

Section 494 amends section 498A(a) (Program Review and Data) to: (1) require the Secretary to establish priorities for program reviews of institutions of higher education, and (2) specify that additional categories of institutions that the Secretary may identify as requiring priority review are those that may pose significant risk of failure to comply with administrative or financial responsibility provisions. It amends Section 498A(b) (Special Administrative Rules) to: (1) require the Secretary to inform institutions of the criteria involved in program reviews; (2) require the Secretary to implement a system of "cures" to allow institutions to correct minor record-keeping errors; (3) require proportionality in civil penalties; (4) facilitate the exchange of information between the Secretary and institutions; and (5) require the Secretary to establish a process for ensuring coordinated reviews and for identifying unnecessary duplication of reporting and related regulatory requirements.

Part I—Administrative Provisions for Delivery of Student Financial Assistance

Section 495. Performance-Based Organization for the Delivery of Federal Student Financial Assistance. Section 495 amends title IV of the current act to create a new part I entitled Administrative Provisions for Delivery of Student Financial Assistance containing the following new sections:

Section 499 amends the current act to authorize the Secretary to establish within the Department of Education a performance-based organization (PBO) designed to more efficiently and effectively administer the various functions relating to student financial assistance programs authorized under this title. The goals of the PBO will be to improve service to students, reduce the costs of administering the programs, increase accountability, provide greater flexibility for the administration of these programs, and improve and integrate the information and delivery systems that support the administration and delivery of student aid. Each year the Secretary and the Chief Operating Officer shall agree upon and make available to the public a 5-year performance plan for the PBO. Each year the Chief Operating Officer will prepare and submit to Congress and the Secretary an annual report on the performance of the PBO. The PBO will be provided with personnel and procurement flexibilities in order to achieve the objectives of improved service and greater efficiency. In exchange, the staff of the PBO, including the chief operating officer, will be compensated in accord-

ance with their ability to achieve or exceed the goals contained within the performance plan.

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

Section 501 amends the title heading of title V from "Educator Recruitment, Retention, and Development" to "Graduate and Postsecondary Improvement Programs"; repeals parts A, B, C, D, E, and F of title V; transfers part C of title IX (Jacob K. Javits Fellowship Program), part D of title IX (Graduate Assistance in Areas of National Need), part A of title XI (Urban Community Service), and part A of title X (Fund for the Improvement of Postsecondary Education) to title V and redesignates such parts as parts A, B, C, and D, respectively; designates section numbers of programs included in the parts transferred to title V; and revises cross-references to transferred programs in other parts of the act.

Section 502 amends section 500 (Findings and Purposes) of the act to delete findings and purposes related to educator recruitment, retention, and development and to substitute purposes related to graduate fellowship programs and the promotion of postsecondary programs.

Part A—Jacob K. Javits Fellowship Program

Section 511 amends the Jacob K. Javits Fellowship Program, as follows:

Subsection (a) establishes financial need, as determined by section 484, as a criterion for receiving a grant under this part; amends a criterion for eligibility to include students pursuing the terminal highest degree awarded in the area of study; requires forward funding for the award of new Javits fellowships; stipulates the dates by which the Secretary shall make applications available for and announce awards of Javits fellowships; and allows the Secretary to enter into a contract with a nongovernmental agency to administer the Javits program if the Secretary determines that doing so would be efficient.

Subsection (b) modifies the appointment of members of the Board to include representatives of a range of disciplines and makes technical amendments to allow for changes if the Secretary enters into a contract with a nongovernmental entity to administer the Javits program.

Subsection (c) updates the institutional payment to be $10,000 per grant in the 1999–2000 academic year and requires that the level of a grant recipient's support be determined in accordance with part F of title IV.

Subsection (d) authorizes $30 million in fiscal year 1999 and "such sums as may be necessary" for each of the 4 succeeding fiscal years to carry out this part.

Part B—Graduate assistance in areas of national need

Section 521 amends Graduate Assistance in Areas of National Need, as follows:

Subsection (a) requires the Secretary, after due consultation, to designate areas of national need and requires the Secretary to consider an assessment of how the program may achieve the most sig-

nificant impact with available resources as a new criterion in determining areas of national need.

Subsection (b) clarifies that institutional matching requirements may be in cash or in kind, fairly valued; requires that applicants describe the number, types, and amounts of the fellowships that the applicant intends to offer with a grant under this part; and requires applicants to adopt policies and procedures to assure that students who receive awards will have financial need, as determined under part F of title IV.

Subsection (c) updates effective dates; determines grant awards to be equal to the National Science Foundation graduate fellowships, except not to exceed the fellow's demonstrated need determined in accordance with part F of title IV; and clarifies that only the excess of institutional payments made by the institution of higher education on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary may count toward the amounts the institution is required to provide in its institutional match.

Subsection (d) updates the institutional payment to be $10,000 per grant in the 1999–2000 academic year.

Subsection (e) authorizes $30 million in fiscal year 1999 and "such sums as may be necessary' for each of the 4 succeeding fiscal years to carry out this part.

Part C—Urban community service

Section 531 amends Urban Community Service to give priority to institutions that have demonstrated their commitment to urban community service and to authorize $20 million in fiscal year 1999 and "such sums as may be necessary" for each of the 4 succeeding fiscal years to carry out this part.

Part D—Fund for the improvement of postsecondary education

Section 541 amends the Fund for the Improvement of Postsecondary Education to: (1) clarify that combinations of institutions of higher education are eligible to receive grants or contracts; (2) permit the Secretary to appoint up to 7 technical employees, rather than the 5 permitted under current law; (3) authorize $26 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out subpart 1; (4) authorize $1 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out planning grants authorized under subpart 1; (5) revise the listing of areas of national need for which grants for innovative projects under subpart 2 may be awarded to delete "campus climate and culture" and to add institutional restructuring to improve learning and promote costs efficience; evaluation and dissemination of model programs; and articulation between 2-year and 4-year institutions, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions; and (6) authorize $5 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out subpart 2.

Part E—Higher education access for students with disabilities; Hispanic-serving institutions; general provisions

Section 551 adds new parts E (Higher Education Access for Students with Disabilities), F (Hispanic-Serving Institutions), and G (General Provisions) to title V, to read as follows:

Part E—Higher education access for students with disabilities

New section 571 establishes a new grant program to promote higher education access for students with disabilities.

Subsection (a) sets out the purposes of the part, which is to support the development of model programs to provide technical assistance or training and professional development for faculty and administrators in institutions of higher education, as defined in section 481(a) of the act, to provide the faculty and administrators with the skills and assistance to teach effectively students with disabilities; and to ensure effective and dissemination of such model programs.

Subsection (b) authorizes the Secretary to award grants to institutions of higher education to carry out the purposes of this part. It specifies that, to the extent feasible, the model programs developed under this part shall be developed for a range of types and sizes of institutions of higher education. When awarding grants, the Secretary is required to consider providing an equitable geographic distribution of such grants and distributing such grants to urban and rural areas. The Secretary is required to award grants for a range of approaches to providing support to faculty and administrators, such as in-service training, professional development, customized and general technical assistance, workshops, summer institutes distance learning and the use of educational technology.

Subsection (c) authorizes the Secretary to award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities under this part in order to disseminate those programs.

Subsection (d) provides that institutions of higher education must submit applications to the Secretary, and these applications must include a plan to assess the needs of the institution of higher education in order to meet the purposes of this part, in consultation with a broad range of persons within that institution and a plan for coordinating with or collaborating with the office within the institution that provides services to students with disabilities, and the equal opportunity office within the institution, if the offices exist.

Subsection (e) provides that funds shall be used to meet the purposes of this section and ensure that projects assisted under this part include components for model development, demonstration, evaluation, and dissemination to other institutions of higher education, and may include, to the extent practicable, graduate teaching assistants in the services provided under the grant.

Subsection (f) provides that the Secretary shall award grants for up to 3 years.

Subsection (g) provides that nothing in this section shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on the institution's administrators, faculty, or staff, in addition to the requirements of section

504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

Subsection (h) authorizes appropriations of $10 million for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years to carry out this section.

Part F—Hispanic-serving institutions

Section 581—Purpose. New section 581 declares that the purpose of new part G is to expand educational opportunities for and improve the academic attainment of Hispanic students while expanding and enhancing the academic offerings, program quality, and institutional stability of colleges and universities that serve large numbers of Hispanic students.

Section 582—Program Authorized. New section 582 authorizes the Secretary to provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic students and other low-income individuals. Authorized activities include: purchase, rental, or lease of scientific/laboratory equipment; renovation and improvement of facilities; support of faculty exchanges and faculty development programs; curriculum development; acquisition of library materials, funds and administrative management; and tutoring, counseling, and student support services. In addition, an eligible Hispanic Serving Institution may use not more than 20 percent of its grant under this part to establish or increase an endowment fund.

Section 583—Application Process. New section 583 requires each Hispanic-serving institution desiring to receive assistance under this part to submit enrollment data and any other data the Secretary may require. Applications for assistance must include a 5-year plan for strengthening the service provided to Hispanic and other low-income students. Priority will be given to applications that demonstrate that the institution has entered into a collaborative relationship with a local educational agency or community-based organization to reduce dropout rates for Hispanic students, improve rates of academic achievement for Hispanic students, and increase the rates at which Hispanic students enroll in higher education.

Section 584—Special Rule. New section 584 prohibits any institution that receives funds under this part from simultaneously receiving funds under part A or B of title III.

Section 585—Definitions. New section 585 defines Hispanic-serving institution to mean an institution of higher education that is eligible for assistance under part A of title III and, at the time of the application, has an enrollment of full-time equivalent undergraduate students that is at least 25 percent Hispanic. At least 50 percent of these students must be low-income individuals (individuals whose taxable income did not exceed 150 percent of the poverty level).

Section 586—Authorization of Appropriations. New section 586 authorizes $45 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding years.

Part G—General provisions

New section 591 provides general administrative provisions for the graduate fellowship programs authorized in parts A and B of title V, which include: (1) requiring the Secretary to coordinate administration and regulation of these graduate programs with other Federal programs providing assistance for graduate education to minimize duplication and improve efficiency to ensure that the programs are carried out in a manner most compatible with academic practices and with the standard timetables for applications for, and notifications of acceptance to, graduate programs; (2) requiring the Secretary to appoint such administrative and technical employees, with the appropriate educational backgrounds, as shall be needed to assist in the administration of such parts; (3) prohibiting an institutional payment or allowance to a school or department of divinity with respect to an individual who is studying for a religious vocation; (4) requiring the Secretary to evaluate the success of assistance provided to individuals under the graduate fellowship programs with respect to their graduation from degree programs and their placement in faculty and professional positions; and (5) requiring the Secretary to use funds appropriated to provide continuing Javits or GAANN grants before providing any new awards.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

Section 601 amends part A of title VI (International and Foreign Language Studies) to read as follows:

Part A—International and foreign language studies

New section 601 sets out the findings and purposes of part A, including replacing current section 601(a)(3) with a finding that emphasizes the need to build national capacity in international education and foreign languages.

New section 602 reauthorizes Graduate and Undergraduate Language and Area Centers and Programs; returns a foreign language component to the summer institutes authorized under section 602(1)(4)(E); and repeals the doctoral stipend program currently authorized under section 602(b) (2) and (3).”

New section 603 reauthorizes Language Resource Centers; makes dissemination an essential component of each Center activity; and adds as new permissible activities—(1) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers and (2) the development and dissemination of material designed to serve as a resource for foreign language teachers at the elementary and secondary school levels.

New section 604 repeals current section 604(b) (Grants to Strengthen Programs of Demonstrated Excellence in Undergraduate International Studies and Foreign Language Programs) and incorporates key provisions of the program into subsection (a)—which is reauthorized and renamed “Incentives for the Creation of New Programs and the Strengthening of Existing Programs in Undergraduate International Studies and Foreign Language.” A foreign language component is added to the summer institutes authorized

under section 604(a)(2)(I), and a new activity is authorized under section 604(a)(2)(J)—which is the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary institutions to enhance international knowledge. New grant conditions are also established.

New section 605 replaces current Intensive Summer Language Institutes provisions (that are repealed) with the Research; Studies; Annual Report provisions currently contained in section 606. These activities are reauthorized and 2 new activities are added: (1) evaluation of the extent to which programs offered with assistance under this title and addressing national needs would not otherwise be offered and (2) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies and testing techniques throughout education, including elementary and secondary schools.

New section 606 maintains the provisions currently contained in section 608 relating to the selection of certain grant recipients under part A.

New section 607 maintains the provisions currently contained in section 609 relating to the equitable distribution of certain funds under part A.

New section 608 reauthorizes the American Overseas Research Centers currently authorized under section 610 and clarifies that the establishment of new centers is an allowable activity.

New section 609 authorizes $80 million in fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out part A.

Section 602 amends part B of title VI (Business and International Education Programs) to: (1) provide that Centers for International Business Education shall provide interdisciplinary programs for any degree candidates, as opposed to advanced degree candidates as provided in current law, and that programs to develop or enhance international skills, awareness, and expertise not be limited to evening or summer programs; (2) return a foreign language component to the summer institutes that may be conducted by Centers for International Business Education; (3) include specific mention of a community college representative on the Advisory Council to an international business education center; (4) authorize $11 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 years to carry out section 612; and (5) authorize $7 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 years to carry out section 613.

Section 603 amends part C of title VI (Institute for International Public Policy) to: (1) increase the required match by grant recipients from one-fourth to one-half and require that the nonfederal contribution be made by private sector contributions; (2) create a new section 622 to authorize subgrants to strengthen Historically Black Colleges and Universities, Hispanic-Serving Institutions, minority institution, and Tribal College institutional international affairs programs; (3) authorize a Summer Abroad program for students after their junior year, with one- third of the cost borne by the institution and two-thirds by the Institute; and (4) authorize

$10 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 years to carry out part C.

Section 604 repeals current section 632 (Preservation of Pre-1992 Programs).

TITLE VII — RELATED PROGRAMS AND AMENDMENTS TO OTHER ACTS

Part A—Indian education programs

Section 711 reauthorizes the Tribally Controlled Community College Assistance Act of 1978 and amends it to: (1) require the Secretary of the Interior, subject to appropriations, to grant approved Tribal Colleges and Universities $6,000 per-Indian-student; (2) authorize $3.2 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 years to carry out section 105; (3) authorize $40 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 fiscal years to carry out section 107; (4) authorize $10 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 fiscal years to carry out sections 112(b) and 113; (5) update provisions regarding the expeditious transfer of funds by the Secretary of the Treasury from fiscal year 1993 and each of the succeeding 4 fiscal years to fiscal year 1999 and each of the succeeding 4 fiscal years; (6) authorize $10 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 fiscal years to carry out title III (Tribally Controlled Community College Endowment Program); (7) authorize $2 million in fiscal year 1999 and such sums as may be necessary in the succeeding 4 fiscal years to carry out section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990; and (8) change references throughout the act from "Tribally Controlled Community College" to "Tribally Controlled College or University."

Section 712 authorizes $5 million for fiscal year 1999 to carry out part A of the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act.

Part B—Advanced placement incentive program

Section 721 reauthorizes the Advanced Placement Fee Payment Program currently authorized as part G of title XV of the Higher Education Amendments of 1992 and amends it to: (1) rename it as the "Advanced Placement Incentive Program"; (2) provide that grants to States having approved applications be allotted to each State in an amount that bears the same relation to the sum as the number of low-income individuals in the State bears to the number of low-income individuals in all States; (4) permit a State educational agency to use up to 5 percent of grant funds to disseminate information regarding the availability of test fee payments; (5) provide an exception to the "supplement, not supplant" provision in cases where funds used to supplant are used to increase the participation of low-income individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of advanced placement courses; (6) provide that the Secretary shall award grants under this section only if the College Board maintains its fee assistance program at no less than the level provided in the preceding fiscal year; (7) require each

State to report annually the number of low-income individuals in the State receiving assistance under this section and the teacher training and other activities conducted by the State; and (8) authorize $10 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

Part C—United States Institute of Peace

Section 731. Authorities of the U.S. Institute of Peace. Section 731 amends section 1705 of the U.S. Institute of Peace Act to allow the Institute to enter into personal service contracts and to continue to fully utilize government rates for travel, supply and and administrative services provided by the General Services Administration. Section 731 further amends section 1710(a)(1) of the U.S. Institute of Peace Act to authorize $15 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Part D—Community Scholarship Mobilization

Section 741 authorizes the Community Scholarship Mobilization Act.

Section 742 specifies that Congress finds that the local community, when properly organized and challenged, is on the best sources of academic support, motivation toward achievement, and financial resources for aspiring postsecondary students; local communities, working to complement or augment services currently offered by area school or colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement and recognition) and tangible, locally raised, effectively targeted, publicly recognized, financial assistance; proven methods of stimulating these community efforts can be promoted though Federal support for the establishment of regional, State or community program centers to organize and challenge community efforts to develop educational incentives and support for local students; and using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

Section 743 includes definitions for regional, State or community program center; local entity; national organization; high poverty area; and students from low-income families.

Section 744 states that the purpose of this part is to establish and support regional, State or community program centers to enable such centers to foster the development of local entities in high poverty areas that promote higher education goals for students from low income families by providing academic support and providing scholarship assistance. The Secretary is required to award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of regional, State or community program centers that foster the development of local entities in high poverty areas to improve high school graduation rates and postsecondary attendance

though the provision of academic support services and scholarship assistance.

Section 745 authorizes the Secretary to award 1 or more endowment grants pursuant to an agreement between the Secretary and a national organization. The agreement shall: (1) require the national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support authorized activities; (2) require the national organization to use 70 percent of the interest income in any fiscal year to support the establishment or ongoing work of regional, State or community program centers; (3) require the national organization to use 30 percent of the interest income to provide scholarships for postsecondary education to students from low-income families and that those scholarship dollars be matched on a 1:1 basis from funds received by the local entities; (4) requires that at least 50 percent of all interest income be allocated to establish new local entities or support regional, State or community program centers in high-poverty areas; (5) require the national organization to submit for each fiscal year in which such organization uses the interest from the endowment fund a report to the Secretary containing information relating to the programs and activities supported by such interest and an audited financial statement of the organization; (6) contain such assurances as the Secretary may require with respect to management and operation of the endowment fund; and (7) contain an assurance that, if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is available to such national organization on the date of such determination. Funds returned shall be available to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965.

Section 746 authorizes the appropriation of $10 million for fiscal year 2000.

Part E—Grants to states for workplace and community transition training for incarcerated youth offenders

Section 751 reauthorizes the Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders program currently authorized as part E of title X. To carry out this part, funds are authorized at $14 million for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Part F—Education of the deaf

Section 761 provides that this part may be cited as the "Education of the Deaf Amendments of 1998."

Section 762 includes technical and conforming amendments to make the provisions pertaining to Gallaudet's Kendall Elementary School and the Model Secondary School for the Deaf consistent with the 1997 Individuals with Disabilities Education Act (IDEA).

Section 763 makes provision for the periodic updating of an agreement between the Secretary and Gallaudet University regarding operation and national mission activities.

Section 764 makes provision for the periodic assessment and updating of an agreement between the Secretary and the National Technical Institute for the Deaf.

Section 765 strikes the references to Palau from the definitions included in sections 201(1)(C) and 201(5).

Section 766 clarifies that audits include the national mission and school operations of the elementary and secondary education programs at Gallaudet University; and adds a requirement that a copy of each audit be provided to the Secretary within 15 days of the acceptance of the audit by Gallaudet University or the institution authorized to establish and operate the National Technical Institute for the Deaf.

Section 767 permits the Board of Trustees of Gallaudet University and the Board of Trustees or other government body of the institution authorized to establish and operate the National Technical Institute for the Deaf to provide a summary of annual audited financial statements and auditor's report (rather than the complete documents) in submitting an annual report to the Secretary and the appropriate committees of Congress.

Section 768 extends authorization of appropriations of such sums as may be necessary from fiscal year 1998 through fiscal year 2003 to carry out the monitoring and evaluation activities authorized under section 205.

Section 769 modifies provisions related to Federal endowment programs for Gallaudet University and the National Technical Institute for the Deaf: (1) to allow the institutions to invest the nonfederal share of their endowments without the restrictions placed on Federal contributions to the endowments, and (2) to allow the institutions to withdraw or expend not more than 50 percent of the income generated from their Federal endowment funds from the current fiscal year. Section 769 also extends the authorization of appropriations of such sums as may be necessary from fiscal year 1998 through fiscal year 2003 to carry out these programs.

Section 770 provides that, in any school year, no qualified United States citizen who elects to enroll in Gallaudet University or the National Technical Institute for the Deaf is denied admission because of the admission of an international student.

Section 771 requires Gallaudet University and the National Technical Institute for the Deaf establish and disseminate priorities and prepare and submit an annual research report to the Secretary and Congress.

Section 772 extends authorization of appropriations of such sums as may be necessary from fiscal year 1998 through fiscal year 2003 to carry out the provisions of titles I and II relating to Gallaudet University, Kendall Demonstration Elementary School, the Model Secondary School for the Deaf, and the National Technical Institute for the Deaf.

Section 773 adds a new title III (Commission on Education of the Deaf), requiring the Secretary of Education to establish a Commission on Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in bar-

riers to successful postsecondary education experiences and employment and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education and employment experiences. Such sums as may be necessary are authorized for each of the fiscal years 1999 and 2000 to carry out this title.

Part G—Repeals

Section 781 repeals unfunded provisions of the Higher Education Act of 1965 and the Higher Education Amendments of 1992. Higher Education Act of 1965 provisions that are repealed include: parts A (Improvement of Academic and Library Facilities), C (Loans for Construction, Reconstruction, and Renovation of Academic, Housing, and Other Educational Facilities), D (College Construction Loan Insurance Association), and E (General) of title VII (Construction, Reconstruction, and Renovation of Academic Facilities); title VIII (Cooperative Education); parts A (Grants to Institutions and Consortia to Encourage Women and Minority Participation in Graduate Education), B (Patricia Roberts Harris Fellowship Program), E (Faculty Development Fellowship Program), F (Assistance for Training in the Legal Profession), and G (Law School Clinical Experience Programs) of title IX (Graduate Programs); parts C (Women and Minorities Science and Engineering Outreach Demonstration Program), D (Dwight D. Eisenhower Leadership Program), and E (Grant to States for Workplace and Community Transition Training for Incarcerated Youth Offenders—moved to part E of title VII) of title X (Postsecondary Improvement Programs); and part B (Innovative Projects) of title XI (Community Service Programs). Higher Education Amendments of 1992 provisions that are repealed include: parts E (Tribal Development Student Assistance Revolving Loan Program), F (American Indian Postsecondary Economic Development Scholarship), and G (American Indian Teacher Training) of title XIII; title XIV (Studies and Commissions), and title XV (Related Programs and Amendments to Other Laws).

Part H—Miscellaneous

Section 791. Year 2000 Computer problem. Section 791 requires the Secretary of Education to provide, no later than March 1, 1999, a report to the Congress describing the compliance status of all mission critical systems at the Department, and contingency plans for those computer systems that the Department will be able to correct prior to the onset of the year 2000.

IX. Additional Views

ADDITIONAL VIEWS OF SENATORS KENNEDY, DODD, HARKIN, MIKULSKI, BINGAMAN, WELLSTONE, MURRAY, AND REED

This bill makes many significant improvements in the Higher Education Act, and will help keep college accessible for millions of students across the country. We are particularly pleased with the proposals to increase aid to the neediest students through higher Pell grants, and to provide loan forgiveness for students who become teachers. The bill also continues a commitment to reduce barriers to higher education by providing assistance for child care for students, an expansion of distance learning, and support for faculty who teach students with disabilities. The revision of the teacher training programs reflects the deep interest of many of us, and will help improve the education of new teachers across the country.

However, there are three areas where changes are needed.

Early Intervention.—The bill does not include the Administration's proposal on early intervention for college. The High Hopes initiative would create local partnerships between colleges and high-need middle schools, with the support of community-based organizations and states. High Hopes targets students early, offers them comprehensive services through high school, and works with entire grades of students rather than singling out a few. The federal funds will act as seed money, and will decline over the course of a grant to ensure growing community participation, and broad support for the program. We look forward to working with others to reach the important goal of cost-effective early intervention services to prepare needy students for college.

Guaranty Agencies.—Under the bill, these agencies are still paid too much and hold too many federal dollars. In particular, the financial incentives are distorted. The guaranty agencies are paid too much if students go into default, and not enough to prevent defaults. The bill also increases payments to guaranty agencies from the Department of Education's section 458 administrative account. This will seriously deplete the funds needed by the Department to operate the overall student loan program, and will undermine both the Direct Lending Program and the Federal Family Education Loan Program. A positive feature of the bill is that it allows guaranty agencies to reach voluntary, flexible agreements with the Secretary of Education that will be more business-like and will focus on preventing defaults.

Student Loan Interest.—We welcome the bipartisan agreement to preserve the reduction in the interest rate that students pay on their loans. But the bill creates a new subsidy so that bank receipts will go down only slightly from the excessive receipts under the

higher interest rates now in effect. This subsidy will be paid by the taxpayers. The cost is estimated at $1 billion to $3.6 billion between 1998–2003, and the bill is not offset.

Experts agree that the current system in which Congress sets the interest rates should change. We should move to market-based rates for banks for student loan interest, not rates set by Congress. We should permit the Administration to begin a pilot program to develop a market-based system by July 2000. We must do all we can to reduce the high cost of borrowing for students, without enacting an entitlement for banks.

We are disappointed that the origination fees that students pay up-front on their loans were not reduced. Those fees pose an additional unwarranted burden on students. We will continue to look for ways to cut this cost of borrowing.

TED KENNEDY.
TOM HARKIN.
PAUL D. WELLSTONE.
PATTY MURRAY.
CHRISTOPHER DODD.
BARBARA A. MIKULSKI.
JEFF BINGAMAN.
JACK REED.

ADDITIONAL VIEWS OF SENATOR JACK REED

The Higher Education Amendments of 1998 represents a significant step forward in our efforts to open the doors of higher education to students who would otherwise lack the resources to further improve themselves. This legislation seeks to address the serious concerns that I have heard firsthand from lower and middle income Rhode Island families and students about their ability to pay for college. Without the kind of student aid in this bill, millions of bright young Americans would never reach their potential.

In a world where economic activity knows no national boundaries, it is crucial to the future of our economy and our country that we have the best trained and most knowledgeable workers in the world. The key to reaching this goal is strong investment in education. Indeed, the connection between education and a successful economy is undeniable, as is the link between education and higher wages.

I commend the Committee for strengthening federal support for higher education. The Higher Education Amendments of 1998 increases the authorization of the maximum Pell Grant to $5,000 in 1999. I will work with the Committee throughout the appropriations process to make increases in the maximum Pell Grant a reality—we must restore the purchasing power of the Pell Grant, which has been lost due to skyrocketing college costs and the widening grant-loan imbalance.

This legislation also expands the formula for needs analysis to protect more of the income of students who are financially independent of their families, as well as dependent students who must work. I personally heard about the importance of this expansion in meetings I held in March 1998 with Rhode Island college presidents and financial aid officers.

Other important provisions of the Higher Education Amendments of 1998 include: a reduction in the interest rate students pay on their student loans by almost one percent from the current rate; loan forgiveness for teachers who teach for at least three years in high-need schools; college cost disclosure requirements to provide families and students with reliable and comparable information on college costs; and a new initiative to help colleges improve teaching and support services on their campuses for students with disabilities.

LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP (LEAP) PROGRAM

I am pleased that the Higher Education Amendments of 1998 contains legislation I introduced with Senator Collins and many members of the Committee to reauthorize and strengthen the State Student Incentive Grant (SSIG) Program. This effort to reform

SSIG follows last year's successful Senate fight to restore funding for this vital program on an 84 to 4 vote.

SSIG provides critical funding on a dollar for dollar match basis to encourage states to provide need-based financial aid to 700,000 students through grants and community service work study awards. Grants are targeted to the neediest undergraduate and graduate students. Without this important federal incentive, many states would not have established or maintained their need-based financial aid programs. Moreover, students, searching for sources of need-based grants to make their higher education dreams a reality, have come to rely on SSIG. In an increasingly competitive world, now is not the time to abandon this program.

To ensure that needy students have alternatives to borrowing, the Higher Education Amendments of 1998 incorporates the SSIG reforms recommended by student and higher education groups, such as the National Association of State Student Grant and Aid Programs (NASSGAP), the National Association of Independent Colleges and Universities (NAICU), the American Council on Education (ACE), the United States Public Interest Research Group (USPIRG), and the United States Student Association (USSA). These changes, which were included in my Leveraging Educational Assistance Partnership (LEAP) Act legislation (S. 1644), provide states greater incentives and flexibility to help needy students attend college.

The legislation creates a two-tier grant program. Any funds appropriated over $35 million would require an increased state match of two new dollars for every federal dollar. At the same time, states would gain new flexibility to use these funds for activities such as increasing grant amounts or carrying out academic scholarship programs, mentorship programs, secondary to postsecondary education transition programs, or scholarship programs for students wishing to enter the teaching profession.

Critics of SSIG have stated that the "incentive" nature of the program has eroded since it does not necessarily attract new state funds and many states overmatch the federal allotment. The Higher Education Amendments of 1998 restores the incentive nature of the program by attracting new state funds for student aid and by providing greater flexibility for the use of these funds, while not disenfranchising states that can only match according to the current one-to-one requirement.

I look forward to working with Senator Collins and the Committee to strengthen our commitment to America's students by retaining these critical changes to the SSIG program throughout the reauthorization process. I will also work with like-minded colleagues to encourage the Appropriations Committee to provide increased funding for this program.

TITLE II: IMPROVING TEACHER QUALITY

At a time when our nation is struggling to improve elementary and secondary education, the Committee appropriately provides a renewed and coherent focus on teacher training and recruitment programs in Title II. I am pleased that Title II mirrors the goals and intent of the Teacher Excellence in America Challenge Act (TEACH Act, S. 1169), legislation I introduced last fall to reform

teacher training programs. Moreover, Subpart 2, the Teacher Training Partnership Grants portion of Title II, in many instances, contains identical provisions to S. 1169.

My reasons for introducing the TEACH Act stemmed from the findings and recommendations of the 1996 report by the National Commission on Teaching and America's Future, the mediocre results of American students in several assessments, and the concerns I heard from many Rhode Island teachers and parents. Reforming our teacher training and development system offers us the best avenue to boost student achievement—something we must do in order to compete in this high-tech, competitive global economy.

The 1996 report by the National Commission on Teaching and America's Future, entitled "What Matters Most: Teaching for America's Future," noted that well-trained and fully prepared teachers are the critical elements of successful learning. Furthermore, the Commission cited several studies which conclude that teacher expertise is one of the most important factors in determining student achievement. For instance, a study comparing high- and low-achieving elementary schools with similar student characteristics, found that more than 90% of the variation in achievement in math and reading was due to differences in teacher qualifications.

Unfortunately, the Commission reported that many of our nation's classrooms are filled with poorly trained teachers. One statistic that highlights this disappointing fact is that in schools with the highest minority enrollments, students have less than a 50% chance of getting a science or mathematics teacher who holds a license and degree in the field he or she teaches.

It is no wonder that in international assessments, such as the Third International Math and Science Study (TIMSS), American students don't fare well. Our eighth-grade students barely scored above the world average in science and below the world average in mathematics. Our twelfth-grade students fared even worse. These results are unacceptable and clearly insufficient to meet the challenges of a highly competitive global economy.

It is absolutely critical that we fix our teacher preparation system to respond to these challenges and ensure that every student is taught by a well-prepared teacher. We must do this now, so that we have a strong system in place to train the estimated two million new teachers that are needed over the next decade.

Indeed, as the National Commission on Teaching and America's Future reported, our current teacher preparation system in many instances does not give teachers a fair shot at success. Students at many of our nation's teacher colleges are not likely to be given adequate training and experiences to prepare them for actual classrooms and allow them to teach effectively. This is primarily due to a disconnect between many of the teacher colleges that prepare teachers and the elementary and secondary schools that hire them. This inadequate teacher training system throws new teachers into classrooms without the clinical skills to succeed, and it is estimated that 30% of new teachers leave the profession within the first few years.

In addition to the Commission's report, I also heard from many Rhode Island teachers about the critical need to improve teacher

training. Teachers surveyed for a *Providence Journal-Bulletin's* series called "Teaching Matters," made several suggestions on how to improve teaching, such as allowing teachers to observe and learn from their peers and ensuring that teachers know about diverse cultures.

The TEACH Act directly connects our teacher preparation system to our schools by establishing a competitive federal grant program for partnerships between teacher colleges, schools, and others. The federal government has many reasons to invest in such partnerships, writes Linda Darling-Hammond, Executive Director of the National Commission on Teaching and America's Future:

> . . . just as it has invested in the development and support of teaching hospitals as part of its efforts to improve medical education and ensure an adequate supply of qualified health professionals. Investing in the capacity of the teaching profession to develop and transmit knowledge, to prepare new entrants effectively, and to stem unnecessary attrition are all appropriate and much needed federal interventions that would offer significant support for the pursuit of other federal education goals.

Like the TEACH Act, Subpart 2, the Teacher Training Partnership Grants portion of Title II, establishes teacher training partnerships. As in my legislation, partnerships are required to provide sustained and high quality preservice clinical experiences, including mentoring of prospective teachers by veteran teachers; prepare teachers to integrate technology into the classroom; and integrate reliable research-based teaching methods into the classroom. Partnerships must also work closely with a school of arts and science to provide increased academic study, as well as substantially increase collaboration and interaction between faculty at institutions of higher education, new and veteran teachers, and principals, and provide support, including preparation time, for such interaction. Lastly, partnerships must broadly disseminate information on effective practices.

Another important facet of the partnership section of Title II is a requirement that funding be targeted to high need schools—where our scarce resources and investment are most urgently needed. In addition, the partnership section, like my legislation, offers resources to partnerships, but it demands results. Strong evaluation provisions require that partnerships demonstrate increased student achievement, improved teacher preparation, and increased teacher retention in order to continue receiving grant funding.

There are some areas where my legislation differs from the Committee's bill. My legislation utilized a specific partnership model: the professional development school. Professional development schools, a key recommendation of the National Commission on Teaching and America's Future, are like teaching hospitals in medicine. In the words of Linda Darling-Hammond,

> . . . [professional development schools] support the learning of prospective and beginning teachers by creating settings in which novices enter professional practice by working with expert practitioners, enabling veteran teachers to renew their own professional development and assume new roles as men-

> tors. . . . They allow school and university educators to engage jointly in research and rethinking of practice, thus creating an opportunity for the profession to expand its knowledge base by putting research into practice—and practice into research.

Professional development schools, at which prospective teachers are often required to spend a year-long internship as part of an extended teacher education program, have shown success in leveraging reforms in teacher education while simultaneously restructuring and transforming practice in schools.

According to the American Association of Colleges for Teacher Education's Clinical Schools Clearinghouse, there are an estimated 650 professional development schools across the nation. I have seen a professional development school in action—the Sullivan School in Newport, Rhode Island, which is in a partnership with Salve Regina University. At the Sullivan School, Salve Regina students are given opportunities to practice teaching in a real classroom. Sullivan teachers are involved in observing Salve Regina students and can utilize Salve Regina University resources for their own professional development. Sullivan students go on field trips to Salve Regina University for both higher education and career awareness activities, and the parents of Sullivan students are involved and are also provided with education and training opportunities.

This is one example of the professional development school model and its potential to enhance the preparation of teachers, the education of students, and the involvement of parents. Other examples of professional development schools include the University of Southern Maine Partnership and the Cincinnati Initiative for Teacher Education.

I am pleased that Chairman Jeffords and Senator Kennedy have agreed to report language on professional development schools as a successful model that could by supported by the Title, as well as report language to clarify that providing veteran teachers with ongoing professional development opportunities is an allowable use of funds.

I am, however, concerned about two sections of Title II. First, I am troubled by the lack of emphasis on quality recruits in the alternative certification provisions of Subpart 1, the Teacher Quality Enhancement Grants section. According to teacher training experts, there is evidence that recruits under "quick fix" alternative certification programs, which could be promoted by this legislation, are more likely to be rated "poor" as teachers, less likely to produce increases in student achievement, and more likely to leave teaching at high rates.

Secondly, I believe that the fifty-fifty funding split between Subpart 1 and Subpart 2 is inappropriate. Considering budget constraints, I would expect that appropriation levels will be far less than the Title's $300 million authorization. Indeed, more emphasis and funding should be provided to partnerships, which have been shown to be an effective way to leverage improvements in teacher quality and increases in student achievement. Moreover, scarce federal resources should be provided to many of the activities funded under Subpart 1, which are redundant, already funded state functions.

In conclusion, I believe Title II will help us create a teacher training and professional development system that works—one that provides every student with quality teaching, and, most importantly, gives teachers a chance to succeed and students the opportunity to excel. However, I hope that the concerns listed above will be resolved before the legislation is taken to the floor. I also look forward to working with the Committee to ensure that the partnership subpart prevails as the reauthorization process moves forward.

JACK REED.

ADDITIONAL VIEWS OF SENATOR DE WINE

S. 1029, the Quality Child Care Loan Forgiveness legislation, as modified, has strong bipartisan support.

We must address the needs of our children by providing them with quality teachers. This legislation can serve as a first step to bring more quality individuals into the early childhood profession.

This Nation needs to take a more active role in ensuring that our children are given the best care and resources available. The inclusion of S. 1029 in the Higher Education Amendments Act of 1998 will serve as an incentive to those individuals who earn an early childhood degree to work in a child care facility and help stimulate the academic growth of our children.

It is important to note that on April 29, 1998, the United States House of Representatives accepted an amendment offered by Representative Lazio to be added to HR 6, the House version of the Higher Education Amendments Act of 1998. This amendment was based on HR 3727, which is entitled the Quality Child Care and Loan Forgiveness Act. This legislation is based on S. 1029, and it also has wide bipartisan support.

MIKE DEWINE.

X. CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION AMENDMENTS OF 1998

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[Title I repealed]

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[SEC. 1203. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

[(a) Any State which desires to receive assistance under an applicable program, as described in subsection (f), shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth in the applicable programs.

[(b) Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

[(1) the State will provide for such methods of administration as are necessary for the proper and efficient administra-

tion of any program in keeping with the purposes of the applicable programs described in subsection (f);

[(2) the Sate will provide such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under any title of this Act;

[(3) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants or contracts under any such applicable program; and

[(4) the State has a comprehensive planning or policy formulation process which—

[(A) considers the relation between State administration of any such applicable program, and administration of similar State programs or processes;

[(B) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

[(C) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

[(D) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

[(E) provides for direct, equitable and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

Participation under subclause (E) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

[(c) The information and assurances provided by a State in accordance with paragraphs (1), (2), and (3) of subsection (b), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any applicable program described in subsection (f).

[(d)(1) An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

[(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in paragraph (1), (2), or (3) of subsection (b), the Secretary shall notify the State that it is no longer eligible to participate in any applicable program described in subsection (f) until the Secretary is satisfied that there is no longer any such failure to comply.

[(e)(1) For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

[(2)(A) Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in an applicable program as defined in subsection (f), a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

[(B) Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs which is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.

[(f) For the purposes of this section an "applicable program" is defined as—

[(1) title I;

[(2) subpart 3 of part A of title IV; and

[(3) part A of title VII.]

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[SEC. 1206 COMMISSION TO STUDY POSTSECONDARY INSTITUTIONAL AND PROGRAMMATIC RECOGNITION PROCESS.

[(a) There is established in the legislative branch a Joint Study Commission on Postsecondary Institutional Recognition (hereafter in this section referred to as the "Commission").

[(b) The Commission shall be composed of 5 members appointed jointly by the President pro tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader, and by the Speaker of the House of Representatives, upon the recommendation of the Majority Leader and the Minority Leader.

[(c)(1) Members of the Commission shall be appointed, on the basis of their integrity, impartiality, and good judgment, from among individuals who, as a result of their training, experience, and attainment, are widely recognized by professionals in the fields of education and governmental administration as experts in those fields.

[(2) A majority of the members of the Commission may not, at the time of their appointment, be serving as either employees or officers of any accrediting agency or an organization of accrediting agencies, currently serving as administrators of accredited institutions, or be current or past members of the Advisory Committee on Accreditation and Institutional Eligibility of the Department.

[(3) Vacancies in the membership of the Commission shall not affect the power of the remaining members to perform the duties

of the Commission and shall be filled in the same manner in which the original appointment was made.

[(4) Each member of the Commission not otherwise employed by the United States Government shall receive the daily equivalent of the annual basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which such member is actually engaged in the performance of the duties of the Commission. Each member of the Commission shall be allowed travel expenses in the same manner as any individual employed intermittently by the Federal Government is allowed travel expenses under section 5703 of title 5, United States Code.

[(d)(1) The Commission shall conduct a thorough study of the institutional and programmatic recognition process used by the Department in determining institutional or programmatic eligibility for student participation in Federal student assistance programs under this Act with attention being given to the accreditation of various types of public and private postsecondary institutions and programs.

[(2) The study shall address, analyze, and report specifically on—

[(A) the comprehensiveness of the standards and criteria used by existing accreditation agencies;

[(B) the reliability and validity of the institutional and programmatic review processes used by the existing accreditation agencies;

[(C) the adequacy of the current accreditation methodology and system;

[(D) alternative structures, standards, criteria, and processes that might be used in accrediting institutions and programs;

[(E) the indicators of educational quality that might be incorporated into the accreditation process;

[(F) the educational outcome measurements that might be used in the accreditation process;

[(G) the indicators of institutional and programmatic quality that should be provided to applicants and students; and

[(H) alternative approaches that might be used by the Secretary for institutional and programmatic recognition to permit student participation in Federal student assistance programs,

as each factor bears on eligibility for participation in Federal student assistance programs.

[(3) The study shall also include an analysis of—

[(A) the processes and procedures currently utilized by the Secretary and the Department in determining institutional and program eligibility for receiving Federal student assistance funds;

[(B) the operations and effectiveness in carrying out eligibility determination of the division of the Department referred to as the "Division of Eligibility and Agency Evaluation";

[(C) review of alternatives to accreditation in determining eligibility and their acceptability;

[(D) the role and effectiveness of, participation agreements, between institutions and programs and the Department in de-

termining specific institutional program eligibility for Federal funds;

[(E) the ability of the Department to enforce conditions specified in participation agreements, including institutional and program audits;

[(F) the current status, functioning, and effectiveness of the National Advisory Committee on Accreditation and Institutional Eligibility, including its role in developing criteria for recognition of accrediting agencies and evaluating their success in assessing the quality of the education or training offered.

[(e) The Commission shall adopt procedures allowing any interested party to submit information with respect to the recognition process, including critiques of current accrediting agency recognition procedures, accreditation procedures, possible alternative procedures, and proposed changes in criteria for recognition of individual accrediting agencies.

[(f) The Commission shall prepare a narrative and statistical report consisting of—

[(1) an overview description of the voluntary accrediting process used for postsecondary education in the United States; and

[(2) a brief description of each accrediting agency recognized by the Department.

The report shall include at least a statement of the agency's purpose and a description of the organizational and governance structure of the agency, the agency's accreditation and visitation procedures, employers of members of the accrediting agency's governing body, the agency's sources of financial support, and such background information as the Commission may request from the agency regarding the number of members, number of candidates for accreditation, number of members voluntarily withdrawn after membership, number of applications withdrawn before membership, number of members dropped, and number of applicants denied accreditation. The report shall include the types of information shared among the various accrediting agencies, the degree of duplication among accrediting agencies in the current system, and an analysis of reported complaints by the agency and its member institutions and programs.

[(g) The Commission shall also prepare a report on—

[(1) the history, operation procedures, and the role and adequacy of staff of the division described in subsection (e)(3)(B);

[(2) the history and current operations of the National Advisory Committee on Accreditation and Institutional Eligibility, including current criteria for Federal recognition of accrediting bodies, how the criteria were developed, possible modifications, and procedures for accomplishing this; and

[(3) with respect to the Department in general, an overview of its role in the institutional and programmatic recognition process as it relates to eligibility for Federal student assistance, including recommendations, if appropriate, on how this role might be changed and improved.

[(h)(1)(A) By agreement between the President pro tempore of the Senate and the Speaker of the House of Representatives, the Commission is authorized to secure on a reimbursable basis, office

space, clerical personnel, travel expenses, and such supplies and equipment as may be necessary for the Commission to carry out the study.

[(B) Subject to such limitations as the President pro tempore of the Senate and the Speaker of the House of Representatives may jointly prescribe, the Commission may appoint such personnel as the Commission deems necessary and fix the compensation at an annual rate that does not exceed the rate of basic pay then payable for GS–18 of the General Schedule under section 5332 of title 5, United States Code, and may procure by contract the temporary and intermittent services of clerical personnel and experts or consultants, or organizations thereof.

[(2) In conducting the study authorized by this section, the Commission is authorized to—

[(A) seek such assistance and support as may be required to conduct the study from appropriate Federal agencies;

[(B) arrange for the detail of staff personnel from other Federal agencies;

[(C) enter into contracts and make other arrangements, as may be necessary for the conduct of the study;

[(D) convene such technical groups as deemed necessary to secure information about the existing recognition process; and

[(E) provide transportation and subsistence for persons serving without compensation.

[(3) Upon request by the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in the conduct of the study.

[(i) The Commission shall submit a report of the findings and recommendations of the study required by this section to the Postsecondary Education Subcommittee of the Education and Labor Committee of the House of Representatives and the Subcommittee on Education, Arts, and Humanities of the Labor and Human Resources Committee of the Senate not later than one year after funds are appropriated and made available for this study.

[(j) There are authorized to be appropriated $1,000,000 to carry out the study authorized by this section.]

* * * * * * *

[SEC. 1211. [20 U.S.C. 1145e] AGGREGATE LIMIT OF AUTHORIZATION OF APPROPRIATIONS.

Notwithstanding any other provisions of this Act, the total amount which may be appropriated to carry out the programs and activities authorized by this Act, other than the programs and activities authorized by subpart 1 of part A and part B of title IV, shall not exceed—

[(1) $3,166,000,000 for fiscal years 1987,

[(2) $3,351,000,000 for fiscal year 1988,

[(3) $3,552,000,000 for fiscal year 1989,

[(4) $3,771,000,000 for fiscal year 1990, and

[(5) $4,007,000,000 for fiscal year 1991.

[SEC. 1212. [20 U.S.C. 1145f] TECHNOLOGY TRANSFER CENTERS.

[(a)(1)(A) Except as provided in subparagraph (B), there are authorized to be appropriated $15,000,000 for fiscal year 1988 and

such sums as may be necessary for each of the 3 succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary shall establish such regional centers—

[(i) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;

[(ii) to assist in developing incubator facilities to encourage new economic initiatives;

[(iii) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and

[(iv) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

[(B) The Secretary shall reserve not less than $3,000,000 of amounts appropriated pursuant to subparagraph (A) for the purpose of carrying out the Training Technology Transfer Act of 1988.

[(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

[(A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;

[(B) to build on or develop necessary computer networks and data bases; and

[(C) to utilize or help develop regional and national libraries.

[(b) Financial assistance to each center shall be awarded competitively. Such financial assistance shall be awarded for the establishment or operation of such centers.

[(c) Each regional center established shall be operated by an appropriately qualified college or university within the region, a consortium of such schools within the region, or a university-related research park or center, and such regional center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

[(d) In establishing such centers, the institutions applying shall show in their application—

[(1) how the center will facilitate the economy of the region;

[(2) that the center's mission is compatible with the economic development plans of States in the region; and

[(3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

[(e)(1) Such center also may be operated by a consortium composed of an entity or entities described in subsection (c), and an existing campus-based research entity, or other State and local agencies, nonprofit agencies, interstate higher education organizations, or, where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

[(2) For purpose of paragraph (1), the term "existing campus-based research facilities", includes agricultural research facilities, mining and minerals research facilities; forestry and wood-products research facilities, solar renewable energy research facilities, high

technology facilities, and manufacturing technology research facilities.

[(f) Each such center shall establish a Board to advise the center on policy. Such board shall be—

[(1) representative of the States involved in the region; and

[(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

[(g)(1) Grants for each center shall be awarded for a 5-year period. Before the end of such period, the Secretary shall conduct a competition for the award of grants for the succeeding 5-year period.

[(2) For the fourth and fifth year of each such 5-year period, and during any renewal of the grant for succeeding 5-year periods, 50 percent of the cost of the activities for which assistance is awarded shall be provided from non-Federal sources.

[(h) Funding for affiliate centers authorized in subsection (c) shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the 2 entities in a scope-of-work agreement negotiated between the 2 entities. Should the affiliate center wish, its operations and funding support can be a consortia, as specified in subsection (e).

[(i)(1) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States.

[(2) The Secretary shall publish the final list of regions and priorities along with the public's comments. In establishing such regions, the Secretary may designate a State or a portion of a State as a region.]

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TITLE I—GENERAL PROVISIONS

[TITLE XII—GENERAL PROVISIONS]

SEC. [1201.] *101.* DEFINITIONS.

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SEC. [1202.] *102.* ANTIDISCRIMINATION.

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FEDERAL CONTROL OF EDUCATION PROHIBITED

SEC. [1204.] *103.*

[(b)] Nothing contained in this Act or any other Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the membership practices or internal operations of any fraternal organization, fraternity, sorority, private club or religious organization at an institution of higher education (other than a service academy or the Coast Guard Academy) which is financed exclu-

sively by funds derived from private sources and whose facilities are not owned by such institution.

SEC. [1204.] *104.* TREATMENT OF TERRITORIES AND TERRITORIAL STUDENT ASSISTANCE.

(a) The Secretary is required to waive the eligibility criteria of any postsecondary education program administered by the Department where such criteria do not take into account the unique circumstances in Guam, the Virgin Islands, American Samoa, Palau, the Commonwealth of the Northern Mariana Islands, and the freely associated states.

(b) Notwithstanding any other provision of law, an institution of higher education that is located in any of the freely associated states, rather than a State, shall be eligible, if otherwise qualified, for assistance under chapter 1 of subpart 2 of part A of title IV of this Act.

SEC. [1205.] *105.* NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) ESTABLISHMENT.—There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (hereafter in this section referred to as the "Committee"), which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including representatives of all sectors and types of institutions of higher education (as defined in section 481(a)), to assess the process of eligibility and certification of such institutions under title IV of this Act and the provision of financial aid under title IV of this Act. [The Secretary may also appoint to the Committee representatives of the general public serving on the National Advisory Committee on Accreditation and Institutional Eligibility (as such Committee was in existence on the date of enactment of the Higher Education Amendments of 1992).]

* * * * * * *

(c) PUBLIC NOTICE.—The Secretary shall—

(1) annually publish in the Federal Register a list containing the name of each member of the Committee and the date of the expiration of the term of office of the member; and

(2) publicly solicit nominations for each vacant position or expiring term of office on the Committee.

[(c)] *(d)* FUNCTIONS.—The Committee shall—

(1) * * *

* * * * * * *

[(6) advise the Secretary with respect to the functions of the Secretary under subpart 1 of part H of title IV of this Act, relating to State institutional integrity standards;]

[(7)] *(6)* advise the Secretary with respect to the relationship between—

(A) accreditation of institutions of higher education and the certification and eligibility of such institutions; and

(B) State licensing responsibilities with respect to such institutions; and

[(8)] *(7)* carry out such other advisory functions relating to accreditation and institutional eligibility as the Secretary may prescribe.

[(d)] *(e)* MEETING PROCEDURES.—The Committee shall meet not less than twice each year at the call of the Chairperson. The date of, and agenda for, each meeting of the Committee shall be submitted in advance to the Secretary for approval. A representative of the Secretary shall be present at all meetings of the Committee.

[(e)] *(f)* REPORT.—The Committee shall, not later than November 30 of each year, make an annual report through the Secretary to the Congress. The annual report shall contain—

(1) a list of the members of the Committee and their addresses;

(2) a list of the functions of the Committee;

(3) a list of dates and places of each meeting during the preceding fiscal year; and

(4) a summary of the activities, findings and recommendations made by the Committee during the preceding fiscal year.

[(f)] *(g)* TERMINATION.—Subject to section 448(b) of the General Education Provision Act, the National Advisory Committee on Institutional Quality and Integrity shall continue to exist until September 30, [1998.] *2004.*

SEC. [1207.] *106.* STUDENT REPRESENTATION.

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SEC. [1208.] *102.* FINANCIAL RESPONSIBILITY OF FOREIGN STUDENTS.

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SEC. [1209.] *108.* DISCLOSURES OF FOREIGN GIFTS.

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SEC. [1210.] *109.* APPLICATION OF PEER REVIEW PROCESS.

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SEC. [1213.] *110.* DRUG AND ALCOHOL ABUSE PREVENTION.

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SEC. 111. PRIOR RIGHTS AND OBLIGATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) PRE-1987 PARTS C AND D OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992.

(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to the date of enactment of the Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

(A) after the effective date of the Higher Education Amendments of 1992; and

(B) prior to the date of enactment of the Higher Education Amendments of 1998.

(b) LEGAL RESPONSIBILITIES.—

(1) PRE-1987 TITLE VII.—All entities with continuing obligations incurred under parts A, B, C, and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Amendments of 1992.

(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—All entities with continuing obligations incurred under part C of title VII, as such part was in effect during the period—

(A) after the effective date of the Higher Education Amendments of 1992; and

(B) prior to the date of enactment of the Higher Education Amendments of 1998,

shall be subject to the requirements of such part as such part was in effect during such period.

SEC. 112. RECOVERY OF PAYMENTS.

(a) PUBLIC BENEFIT.—Congress declares that, if a facility constructed with the aid of a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of such title as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992, is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of such title as so in effect.

(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of title VII as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992—

(1) the applicant under such parts as so in effect (or the applicant's successor in title or possession) ceases or fails to be a public or nonprofit institution, or

(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term "academic facility" (as such term was defined under title VII, as so in effect), unless the Secretary determines that there is good cause for releasing the institution from its obligation,

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

(c) PROHIBITION ON USE FOR RELIGION.—Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under title VII (as in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

TITLE II—IMPROVING TEACHER QUALITY

SEC. 201. PURPOSES.

The purpose of this title is to—

(1) improve student achievement;

(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; and

(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, including training in the effective uses of technologies in the classroom.

PART A—TEACHER QUALITY

Subpart 1—Teacher Quality Enhancement Grants

SEC. 211. GRANTS AUTHORIZED.

(a) IN GENERAL.—The Secretary is authorized to award grants to States to enable the States to carry out the activities described in section 212. Each grant may be awarded for a period of not more than 5 years.

(b) STATE DESIGNATION.—

(1) IN GENERAL.—A State desiring a grant under this subpart shall, consistent with State law, designate the chief individual or entity in the State responsible for the State supervision of education, to administer the activities assisted under this subpart.

(2) CONSULTATION.—The individual or entity designated under paragraph (1) shall consult with the Governor, State board of education, or State educational agency, as appropriate.

(3) CONSTRUCTION.—Nothing in this subpart shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

(c) MATCHING REQUIREMENT.—Each State receiving a grant under this subpart shall provide, from non-Federal sources, an amount equal to ½ of the amount of the grant, in cash or in kind, to carry out the activities supported through the grant.

SEC. 212. USE OF FUNDS.

A State that receives a grant under this subpart shall use the grant funds to reform teacher preparation requirements, and to en-

sure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that new teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

(4) ALTERNATIVE ROUTES.—Funding programs that establish, expand, or improve alternative routes to State certification for highly qualified individuals from other occupations and recent college graduates with records of academic distinction, including support during the initial teaching experience.

(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to remove teachers who are not qualified.

(6) INNOVATIVE EFFORTS.—Development and implementation of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas, that may include the recruitment of highly qualified individuals from other occupations through alternative certification programs.

(7) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

SEC. 213. COMPETITIVE AWARDS.

(a) ANNUAL AWARDS; COMPETITIVE BASIS.—The Secretary shall award grants under this subpart annually and on a competitive basis.

(b) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by States under section 214 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

(c) PRIORITY.—In recommending applications for funding to the Secretary, the panel shall give priority to applications from States that describe activities that—

(1) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach; and

(2) involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas.

SEC. 214. APPLICATIONS.

(a) IN GENERAL.—Each State desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may require.

(b) CONTENT OF APPLICATIONS.—Such application shall include a description of how the State intends to use funds provided under this subpart.

Subpart 2—Teacher Training Partnerships Grants

SEC. 221. GRANTS AUTHORIZED.

(a) IN GENERAL.—The Secretary is authorized to award grants to teacher training partnerships to enable the partnerships to carry out the activities described in section 222. Each grant may be awarded for a period of not more than 5 years.

(b) DEFINITIONS.—In this part:

(1) TEACHER TRAINING PARTNERSHIPS.—

(A) IN GENERAL.—The term 'teacher training partnership' means a partnership that—

(i) shall include a school of arts and sciences, a school or program of education, a local educational agency, and a kindergarten through grade 12 school;

(ii) shall include a high need local educational agency or kindergarten through grade 12 school; and

(iii) may include a State educational agency, a prekindergarten program, a nonprofit educational organization, a business, or a teacher organization.

(B) HIGH NEED.—A local educational agency or kindergarten through grade 12 school shall be considered high need for purposes of subparagraph (A)(ii) if the agency or school serves an area within a State in which there is—

(i) a large number of individuals from families with incomes below the poverty line;

(ii) a high percentage of teachers not teaching in the content area in which the teachers were trained to teach; or

(iii) a high teacher turnover rate.

(2) KINDERGARTEN THROUGH GRADE 12 SCHOOL.—The term "kindergarten through grade 12 school" means a school having any one of the grades kindergarten through grade 12.

(c) PRIORITY.—In awarding grants under this subpart the Secretary shall give priority to partnerships that involve businesses.

(d) CONSIDERATION.—In awarding grants under this subpart the Secretary shall take into consideration—

(1) providing an equitable geographic distribution of the grants throughout the United States; and

(2) the proposed project's potential for creating improvement and positive change.

(e) MATCHING FUNDS.—Each partnership receiving a grant under this subpart shall provide, from sources other than this subpart, an amount equal to 25 percent of the grant in the first year, 35 percent in the second such year, and 50 percent in each succeeding such year, of the amount of the grant, in cash or in kind, to carry out the activities supported by the grant.

(f) ONE-TIME AWARD.—A partnership may receive a grant under this section only once.

SEC. 222. USE OF FUNDS.

(a) IN GENERAL.—Grant funds under this part shall be used to—

(1) coordinate with the activities of the Governor, State board of education, and State educational agency, as appropriate;

(2) provide sustained and high quality preservice clinical experiences including the mentoring of prospective teachers by veteran teachers;

(3) work with a school of arts and sciences to provide increased academic study in a proposed teaching specialty area, through activities such as—

(A) restructuring curriculum;

(B) changing core course requirements;

(C) increasing liberal arts focus;

(D) providing preparation for board certification; and

(E) assessing and improving alternative certification, including mentoring and induction support;

(4) substantially increasing interaction and 2-way collaboration between—

(A) faculty at institutions of higher education; and

(B) new and experienced teachers, principals, and other administrators at elementary schools or secondary schools;

(5) prepare teachers to use technology effectively in the classroom;

(6) integrate reliable research-based teaching methods into the curriculum;

(7) broadly disseminate information on effective practices used by the partnership; and

(8) provide support, including preparation time, for interaction between faculty at an institution of higher education and classroom teachers.

(b) SPECIAL RULE.—No individual member of a partnership shall retain more than 50 percent of the funds made available to the partnership under this subpart.

SEC. 223. APPLICATIONS.

Each teacher training partnership desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

(1) describe the composition of the partnership and the involvement of each partner in the development of the application;

(2) contain a needs assessment that includes an analysis of the needs of all the partners with respect to teaching and learning;

(3) contain a resource assessment that includes—

(A) an analysis of resources available to the partnership;

(B) a description of the intended use of the grant funds;

(C) a description of how the partnership will coordinate with other teacher training or professional development programs, including Federal, State, local, private, and other programs;

(D) a description of how the activities assisted under this subpart are consistent with educational reform activities that promote student achievement; and

(E) a description of the commitment of the resources of the partnership to the activities assisted under this subpart, including financial support, faculty participation, and time commitments;

(4) describe how the partnership will include the participation of the schools, colleges, or departments of arts and sciences within an institution of higher education to ensure the integration of teaching techniques and content in teaching preparation;

(5) describe how the partnership will restructure and improve teaching, teacher training, and development programs, and how such systemic changes will contribute to increased student achievement;

(6) describe how the partnership will prepare teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals;

(7) describe how the partnership will prepare teachers to use technology;

(8) contain a dissemination plan regarding knowledge and information with respect to effective teaching practices, and a description of how such knowledge and information will be implemented in elementary schools or secondary schools as well as institutions of higher education;

(9) describe the commitment of the partnership to continue the activities assisted under this subpart without grant funds provided under this subpart; and

(10) describe how the partnership will involve and include parents in the reform process.

Subpart 3—General Provisions

SEC. 231. ACCOUNTABILITY AND EVALUATION.

(a) TEACHER QUALITY ENHANCEMENT GRANTS.—

(1) ACCOUNTABILITY REPORT.—A State that receives a grant under subpart 1 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the State, in using

funds provided under subpart 1, has made substantial progress in meeting the following goals:

(A) STUDENT ACHIEVEMENT.—Increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments.

(B) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

(C) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the passage rate for initial State teacher certification or licensure, or increasing numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

(D) CORE ACADEMIC SUBJECTS.—(i) Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

(I) with academic majors in those areas or in a related field;

(II) who can demonstrate a high level of competence through rigorous academic subject area tests; or

(III) who can demonstrate high levels of competence through experience in relevant content areas.

(ii) Increasing the percentage of elementary school classes taught by teachers—

(I) with academic majors in the arts and sciences; or

(II) who can demonstrate high levels of competence through experience in relevant content areas.

(E) DECREASING SHORTAGES FOR PROFESSIONAL DEVELOPMENT.—Decreasing shortages of qualified teachers in poor urban and rural areas.

(F) INCREASING OPPORTUNITIES.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach.

(G) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

(2) TEACHER QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that benefits from the activities assisted under subpart 1 shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualifications of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall inform parents that the parents are entitled to receive the information upon request.

(b) TEACHER TRAINING PARTNERSHIP EVALUATION PLAN.—Each teacher training partnership receiving a grant under subpart 2

shall establish an evaluation plan that includes strong performance objectives established in negotiation with the Secretary at the time of the grant award. The plan shall include objectives and measures for—

(1) increased student achievement for all students as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State, or other assessments for a year compared to student achievement as determined by the rates or scores, as the case may be, for the year prior to the year for which a grant under this part is received;

(2) increased teacher retention in the first 3 years of a teacher's career;

(3) increased success in the passage rate for initial State certification or licensure of teachers;

(4) increased percentages of secondary school classes taught in core academic subject areas by teachers—

(A) with academic majors in those areas or in a related field;

(B) who can demonstrate a high level of competence through rigorous academic subject area tests; and

(C) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences;

(5) increased integration of technology in teacher preparation and in classroom instruction;

(6) restructuring or change of methodology courses to reflect best practices learned from elementary schools, secondary schools or other entities;

(7) increased dissemination of information about effective teaching strategies and practices; and

(8) other effects of increased integration among members of the partnership.

SEC. 232. REVOCATION OF GRANT.

Each State or teacher training partnership receiving a grant under this part shall report annually on progress toward meeting the purposes of this part, and the goals, objectives and measures described in section 231. If the Secretary, after consultation with the peer review panel described in section 213(b) determines that the State or partnership is not making substantial progress in meeting the purposes, goals, objectives and measures, as appropriate, by the end of the second year of the grant, the grant shall not be continued for the third year of the grant.

SEC. 233. EVALUATION AND DISSEMINATION.

The Secretary shall evaluate the activities funded under this part and report the Secretary's findings to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by the States and teacher training partnerships under this part, and shall broadly disseminate information regarding such practices so developed that were found to be ineffective.

SEC. 234. INTERNATIONAL STUDY AND REPORT.

(a) STUDY.—The Secretary shall conduct a study through the National Center for Education Statistics regarding the ways teachers are trained and the extent to which teachers in the United States and other comparable countries are teaching in areas other than the teachers' field of study or expertise. The study will examine specific fields and will outline the nature and extent of the problem of out-of-field teaching in the United States and in other countries that are considered comparable to the United States. The study shall include, at a minimum, all the countries that participated in the Third International Mathematics and Science Study (TIMSS).

(b) REPORT.—The Secretary shall report to Congress regarding the results of the study described in subsection (a).

SEC. 235. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 1999 and such sums as necessary for each of the 4 succeeding fiscal years, of which—

(1) 50 percent shall be available for each fiscal year to carry out subpart 1; and

(2) 50 percent shall be available for each fiscal year to carry out subpart 2.

PART B—RECRUITING NEW TEACHERS FOR UNDERSERVED AREAS

SEC. 251. STATEMENT OF PURPOSE.

It is the purpose of this part to—

(1) provide scholarships and, as necessary, support services for students with high potential to become effective teachers, particularly minority students;

(2) increase the quality and number of new teachers nationally; and

(3) increase the ability of schools in underserved areas to recruit a qualified teaching staff.

SEC. 252. DEFINITIONS.

In this part—

(1) ELIGIBLE PARTNERSHIP.—

(A) IN GENERAL.—The term "eligible partnership" means a partnership consisting of—

(i) an institution of higher education that awards baccalaureate degrees and prepares teachers for their initial entry into the teaching profession; and

(ii) one or more local educational agencies that serve underserved areas.

(B) ADDITIONAL PARTNERS.—Such a partnership may also include—

(i) 2-year institutions of higher education that operate teacher preparation programs and maintain articulation agreements, with the institutions of higher education that award baccalaureate degrees for the transfer of credits in teacher preparation;

(ii) State agencies that have responsibility for policies related to teacher preparation and teacher certification or licensure; and

(iii) other public and private, nonprofit agencies and organizations that serve, or are located in, communities served by the local educational agencies in the partnership, and that have an interest in teacher recruitment, preparation, and induction.

(2) SUPPORT SERVICES.—The term "support services" means—

(A) academic advice and counseling;

(B) tutorial services;

(C) mentoring; and

(D) child care and transportation, if funding for those services cannot be arranged from other sources.

(3) UNDERSERVED AREA.—The term "underserved area" means—

(A) the area served by the 3 local educational agencies in the State that have the highest numbers of children, ages 5 through 17, from families below the poverty level (based on data satisfactory to the Secretary); and

(B) the area served by any other local educational agency in which the percentage of such children is at least 20 percent, or the number of such children is at least 10,000.

SEC. 253. GRANT AUTHORITY AND CONDITIONS.

(a) GRANTS AUTHORIZED.—

(1) GRANTS.—

(A) IN GENERAL.—From amounts appropriated under section 262 the Secretary shall award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the cost of carrying out the activities described in section 255.

(B) DURATION.—Each grant awarded under subparagraph (A) shall be awarded for a period not to exceed 5 years.

(2) CONTINUING ELIGIBILITY; REVIEW OF PROGRESS.—The Secretary shall—

(A) continue to make grant payments for the second and succeeding years of a grant awarded under this part, only after determining that the eligible partnership is making satisfactory progress in carrying out the activities under the grant; and

(B) conduct an intensive review of the eligible partnerships's progress under the grant, with the assistance of outside experts, before making grant payments for the fourth year of the grant.

(3) MAXIMUM NUMBER.—No eligible partnership may receive more than 2 grants under this subsection.

(b) MATCHING REQUIREMENT.—

(1) FEDERAL SHARE.—The Federal share of the cost of activities carried out under a grant made under subsection (a) shall not exceed—

(A) 70 percent of the cost in the first year of the grant;

(B) 60 percent in the second year;

(C) 60 percent in the third year;

(D) 50 percent in the fourth year; and

(E) 50 percent in the fifth year and any succeeding year (including each year of the second grant, if any).

(2) NON-FEDERAL SHARE.—The non-Federal share of activities carried out with a grant under subsection (a) may be provided in cash or in kind, fairly evaluated, and may be obtained from any non-Federal public or private source.

(c) PLANNING GRANTS.—

(1) IN GENERAL.—The Secretary may award planning grants to eligible partnerships that are not ready to implement programs under subsection (a).

(2) DURATION.—Each planning grant shall be for a period of not more than 1 year, which shall be in addition to the period of any grant under subsection (a).

(3) REQUIREMENT.—Any recipient of a planning grant under this subsection that wishes to receive a grant under subsection (a)(1) shall separately apply for a grant under that subsection.

SEC. 254. GRANT APPLICATIONS.

(a) APPLICATIONS REQUIRED.—Any eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

(b) APPLICATION CONTENTS.—Each application for a grant under section 253(a) shall include—

(1) a designation of the institution or agency, within the eligible partnership, that will serve as the fiscal agent for the grant;

(2) information on the quality of the teacher preparation program of the institution of higher education participating in the eligible partnership and how the eligible partnership will ensure, through improvements in the eligible partnership's teacher preparation practices or other appropriate strategies, that scholarship recipients will receive high-quality preparation;

(3) a description of the assessment the members of the eligible partnership have undertaken—

(A) to determine—

(i) the most critical needs of the local educational agencies, particularly the needs of schools in high-poverty areas, for new teachers (which may include teachers in particular subject areas or at certain grade levels); and

(ii) how the project carried out under the grant will address those needs; and

(B) that reflects the input of all significant entities in the community (including organizations representing teachers and parents) that have an interest in teacher recruitment, preparation, and induction;

(4) a description of the project the eligible partnership will carry out with the grant, including information regarding—

(A) the recruitment and outreach efforts the eligible partnership will undertake to publicize the availability of scholarships and other assistance under the program;

(B)(i) the number and types of students that the eligible partnership will serve under the program, which may in-

clude education paraprofessionals seeking to achieve full teacher certification or licensure; teachers whom the partner local educational agencies have hired under emergency certification or licensure procedures; or former military personnel, mid-career professionals, or AmeriCorps or Peace Corps volunteers, who desire to enter teaching; and

(ii) the criteria that the eligible partnership will use in selecting the students, including criteria to determine whether individuals have the capacity to benefit from the program, complete teacher certification requirements, and become effective teachers;

(C) the activities the eligible partnership will carry out under the grant, including a description of, and justification for, any support services the institution of higher education participating in the eligible partnership will offer to participating students;

(D) the number and funding range of the scholarships the institution will provide to students; and

(E) the procedures the institution will establish for entering into, and enforcing, agreements with scholarship recipients regarding the recipients' fulfillment of the service commitment described in section 259;

(5) a description of how the institution will use funds provided under the grant only—

(A) to increase the number of students—

(i) with high potential to be effective teachers;

(ii) participating in the institution's teacher preparation programs; or

(iii) in the particular type or types of preparation programs that the grant will support; or

(B) to increase the number of graduates, who are minority individuals, with high potential to be effective teachers;

(6) a description of the commitments, by the local educational agencies participating in the partnership, to hire qualified scholarship recipients in the schools served by the agencies and in the subject areas or grade levels for which the scholarship recipients will be trained, and a description of the actions the participating institution of higher education, the participating local educational agencies, and the other partners will take to facilitate the successful transition of the recipients into teaching; and

(7) a description of the eligible partnership's plan for institutionalizing the activities the partnership is carrying out under this part, so that the activities will continue once Federal funding ceases.

SEC. 255. USES OF FUNDS.

(a) IN GENERAL.—Each eligible partnership receiving a grant under section 523(a) shall use the grant funds for the following:

(1) SCHOLARSHIPS.—Scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program.

(2) SUPPORT SERVICES.—Support services, if needed to enable scholarship recipients to complete postsecondary education programs.

(3) FOLLOWUP SERVICES.—Followup services provided to former scholarship recipients during the recipients' first 3 years of teaching.

(4) PAYMENTS.—Payments to partner local educational agencies, if needed to enable the agencies to permit paraprofessional staff to participate in teacher preparation programs (such as the cost of release time for the staff).

(5) ADDITIONAL COURSES.—If appropriate, and if no other funds are available for, paying the costs of additional courses taken by former scholarship recipients during the recipients' initial 3 years of teaching.

(b) PLANNING GRANTS.—A recipient of a planning grant under section 253(c) shall use the grant funds for the costs of planning for the implementation of a grant under section 253(a).

SEC. 256. SELECTION OF APPLICANTS.

(a) PEER REVIEW.—The Secretary, using a peer review process, shall select eligible partnerships to receive funding under this part on the basis of—

(1) the quality of the teacher preparation program offered by the institution participating in the partnership;

(2) the quality of the program carried out under the application; and

(3) the capacity of the partnership to carry out the grant successfully.

(b) CRITERIA.—

(1) IN GENERAL.—In awarding grants under section 253(a), the Secretary shall seek to ensure that—

(A) in the aggregate, eligible partnerships carry out a variety of approaches to preparing new teachers; and

(B) there is an equitable geographic distribution of the grants.

(2) SPECIAL CONSIDERATION.—In addition to complying with paragraph (1), the Secretary shall give special consideration to—

(A) applications most likely to result in the preparation of increased numbers of individuals with high potential for effective teaching who are minority individuals; and

(B) applications from partnerships that have as members of the partnerships historically Black colleges and universities, Hispanic-serving institutions, and Tribal Colleges and Universities.

(c) SECOND FIVE-YEAR GRANTS.—In selecting eligible partnerships to receive second year grant payments under this part, the Secretary shall give a preference to eligible partnerships whose projects have resulted in—

(1) the placement and retention of a substantial number of high-quality graduates in teaching positions in underserved, high-poverty schools;

(2) the adoption of effective programs that meet the teacher preparation needs of high-poverty urban and rural areas; and

(3) effective partnerships with elementary schools and secondary schools that are supporting improvements in student achievement.

SEC. 257. DURATION AND AMOUNT OF ASSISTANCE; RELATION TO OTHER ASSISTANCE.

(a) DURATION OF ASSISTANCE.—No individual may receive scholarship assistance under this part—

(1) for more than 5 years of postsecondary education; and

(2) unless that individual satisfies the requirements of section 484(a)(5).

(b) AMOUNT OF ASSISTANCE.—No individual may receive a scholarship awarded under this part that exceeds the cost of attendance, as defined in section 472, at the institution of higher education the individual is attending.

(c) RELATION TO OTHER ASSISTANCE.—A scholarship awarded under this part—

(1) shall not be reduced on the basis of the individual's receipt of other forms of Federal student financial assistance; and

(2) shall be regarded as other financial assistance available to the student, within the meaning of sections 471(3) and 480(j)(1), in determining the student's eligibility for grant, loan, or work assistance under title IV.

SEC. 258. SCHOLARSHIP CONDITIONS.

(a) IN GENERAL.—A recipient of a scholarship under this part shall continue to receive the scholarship assistance only as long as the recipient is—

(1) enrolled as a full-time student and pursuing a course of study leading to teacher certification, unless the recipient is working in a public school (as a paraprofessional, or as a teacher under emergency credentials) while participating in the program; and

(2) maintaining satisfactory progress as determined by the institution of higher education participating in the partnership.

(b) SPECIAL RULE.—Each eligible partnership shall modify the application of section 257(a)(1) and of subsection (a)(1) to the extent necessary to accommodate the rights of individuals with disabilities under section 504 of the Rehabilitation Act of 1973.

SEC. 259. SERVICE REQUIREMENTS.

(a) REQUIREMENT.—Each eligible partnership receiving a grant under this part shall enter into an agreement, with each student to whom the partnership awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within 7 years of completing that program, teach full-time for at least 5 years in a high-poverty school in an underserved geographic area or repay the amount of the scholarship, under the terms and conditions established by the Secretary.

(b) REGULATIONS.—The Secretary shall prescribe regulations relating to the requirements of subsection (a), including any provisions for waiver of those requirements.

SEC. 260. EVALUATION.

The Secretary shall provide for an evaluation of the program carried out under this part, which shall asses such issues as—

(1) whether institutions participating in the eligible partnerships are successful in preparing scholarship recipients to teach to high State and local standards;

(2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether the recipients continue teaching in those areas over a period of years;

(3) the national impact of the program in assisting local educational agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which the agencies have the greatest needs;

(4) the long-term impact of the grants on teacher preparation programs conducted by institutions of higher education participating in the eligible partnership and on the institutions' relationships with their partner local educational agencies and other members of the partnership; and

(5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

SEC. 261. NATIONAL ACTIVITIES.

The Secretary may reserve not more than 5 percent of the funds appropriated for this part for any fiscal year for—

(1) peer review of applications;

(2) conducting the evaluation required under section 260; and

(3) technical assistance.

SEC. 262. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $37,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

TITLE III—INSTITUTIONAL AID

SEC. 301. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there are a significant number of institutions of higher education serving high percentages of minority students and students from low-income backgrounds, that face problems that threaten their ability to survive;

(2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning and development activities, including endowment building;

(3) in order to be competitive and provide a high-quality education for all, institutions of higher education should improve their technological capacity and make effective use of technology;

[(3)**]** *(4)* the title III program prior to 1985 did not always meet the specific development needs of historically Black colleges and universities and other institutions with large concentrations of minority, low-income students;

[(4)**]** *(5)* the solution of the problems of these institutions would enable them to become viable, fiscally stable and independent, thriving institutions of higher education;

[(5)] *(6)* providing assistance to eligible institutions will enhance the role of such institutions in providing access and quality education to low-income and minority students;

[(6)] *(7)* these institutions play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their problems and in stabilizing their management and fiscal operations, and in becoming financially independent; and

[(7)]*(8)* there is a particular national interest in aiding those institutions of higher education that have historically served students who have been denied access to postsecondary education because of race or national origin and whose participation in the American system of higher education is in the Nation's interest so that equality of access and quality of postsecondary education opportunities may be enhanced for all students.

(b) PURPOSE.—It is the purpose of this title to assist such institutions in equalizing educational opportunity through a program of Federal assistance.

PART A—STRENGTHENING INSTITUTIONS

SEC. 311. PROGRAM PURPOSE.

(a) GENERAL AUTHORIZATION.— * * *

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(b) GRANTS AWARDED; SPECIAL CONSIDERATION.—(1) From the sums available for this part under section [360(a)(1)] *398(a)(1)*, the Secretary may award grants to any eligible institution with an application approved under section 351 in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution.

* * * * * * *

(D) acquisition of equipment *including high technology equipment* for use in strengthening funds management and academic programs;

(E) joint use of facilities such as libraries and laboratories; and

(F) student services.

(c) ENDOWMENT FUND.—

(1) IN GENERAL.—An eligible institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at such institution.

(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

(3) COMPARABILITY.—The provisions of part C, regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).

SEC. 312. DEFINITIONS; ELIGIBILITY

(a) EDUCATIONAL AND GENERAL EXPENDITURES.— * * *

* * * * * * *

(B) except as provided in section [352(b)] *392(b)*, 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;

* * * * * * *

(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this subdivision is waived under section [352(a)] *392(a)*.

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SEC. 313. DURATION OF GRANT.

(a) AWARD PERIOD.—The Secretary may award a grant to an eligible institution under this part for 5 years.

(b) LIMITATIONS.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under section [354(a)(1)] *394(a)(1)* shall not be considered a grant under this part.

(c) PLANNING GRANTS.—Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of preparation of plans and applications for a grant under this part.

(d) WAIT-OUT-PERIOD.—Each eligible institution that received a grant under this part for a 5-year period shall not be eligible to receive an additional grant under this part until 2 years after the date on which the 5-year grant period terminates.

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[SEC. 316. HISPANIC-SERVING INSTITUTIONS.

[(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

[(b) DEFINITIONS.—For the purpose of this section—

[(1) the term "Hispanic-serving institution" means an institution of higher education which—

[(A) is an eligible institution under section 312(b);

[(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students;

[(C) provides assurances that—

[(i) not less than 50 percent of its Hispanic students are low-income individuals who are first generation college students; and

[(ii) another 25 percent of its Hispanic students are either low-income individuals or first generation college students;

[(2) the term "first generation college student" means—

[(A) an individual both of whose parents did not complete a baccalaureate degree; or

[(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree; and

[(3) the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

[(c) AUTHORIZED ACTIVITIES.—

[(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

[(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

[(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes; including instructional and research purposes;

[(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

[(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

[(D) curriculum development and academic instruction;

[(E) purchase of library books, periodicals, microfilm, and other educational materials;

[(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

[(G) joint use of facilities such as laboratories and libraries; and

[(H) academic tutoring and counseling programs and student support services.

[(d) APPLICATION PROCESS.—

[(1) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this Act shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution as defined in paragraph (1) of subsection (b), along with such other information and data as the Secretary may be regulation require.

[(2) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under paragraph (1)) may submit an application for assistance under this section to the Secretary. Such application shall include—

[(A) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

[(B) such other information and assurance as the Secretary may require.

[(3) PRIORITY.—The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

[(e) SPECIAL RULE.—For the purposes of this section, no Hispanic-serving college or university which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.]

SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

(b) DEFINITIONS.—In this section:

(1) INDIAN.—The term "Indian" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

(2) INDIAN TRIBE.—The term "Indian tribe" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

(3) TRIBAL COLLEGE OR UNIVERSITY.—The term "Tribal College or University" has the meaning give the term "tribally controlled college or university" in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

(4) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means an institution of higher education as defined in section 1201(a), except that paragraph (2) of such section shall not apply.

(c) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out activities to improve and expand such institutions' capacity to serve Indian students.

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

(C) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction;

(D) academic instruction in disciplines in which American Indians are underrepresented;

(E) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

(F) tutoring, counseling, and student service programs designed to improve academic success;

(G) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

(H) joint use of facilities, such as laboratories and libraries;

(I) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

(J) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

(K) establishing community outreach programs that encourage American Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education;

(L) other activities proposed in the application submitted pursuant to subsection (d) that—

(i) contribute to carrying out the activities described in subparagraphs (A) through (K); and

(ii) are approved by the Secretary as part of the review and acceptance of such application.

(3) ENDOWMENT FUND.—

(A) IN GENERAL.—A Tribal College or University may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Tribal College or University shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

(C) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

(d) APPLICATION PROCESS.—

(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an institution that—

(A) is an eligible institution under section 312(b);

(B) is eligible to receive assistance under the Tribally Controlled College or University Assistance Act of 1978; or

(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraph (A) or (B) of paragraph (1).

(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

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SEC. 323. GRANTS TO INSTITUTIONS.

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(b) ENDOWMENT FUND.—

(1) IN GENERAL.—An institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

(3) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).

[(b)] *(c)* LIMITATIONS.—(1) No grant may be made under this Act for any educational program, activity, or service related to sectarian instruction or religious worship, or provided by a school or department of divinity. For the purpose of this subsection, the term "school or department of divinity" means an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

* * * * * * *

SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.

(a) GENERAL AUTHORIZATION.—(1) * * *

* * * * * * *

(2) No grant in excess of $500,000 may be made under this section unless the postgraduate institution provides assurances that 50 percent of the cost of the purposes for which the grant is made will be paid from non-Federal sources except that the Morehouse School of Medicine shall receive at least $3,000,000. *If a grant of less than $500,000 is made under this section, matching funds provided from non-Federal sources are not required. If a grant equal to or in excess of $500,000 is made under this section, match funds provided from non-Federal sources are required only with respect to the amount of the grant that exceeds $500,000.*

* * * * * * *

(c) USES OF FUNDS.—A grant under this section may be used for—* * *

* * * * * * *

(E) Tuskegee University School of Veterinary Medicine*, and any Tuskegee University qualified graduate program*;

(F) Xavier University School of Pharmacy*, and any Xavier University qualified graduate program*;

(G) Southern University School of Law*, and any Southern University qualified graduate program*;

(H) Texas Southern University School of Law and School of Pharmacy*, and any Texas Southern University qualified graduate program*;

(I) Florida A&M University School of Pharmaceutical Sciences*, and any Florida A&M University qualified graduate program*;

(J) North Carolina Central University School of Law*, and any North Carolina Central University qualified graduate program*;

* * * * * * *

PART C—ENDOWMENT CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B

SEC. 331 ENDOWMENT CHALLENGE GRANTS.

(a) PURPOSE; DEFINITIONS.—(1) * * *

* * * * * * *

[(B) The Secretary may make a grant under this part to an eligible institution under the following circumstances:

[(i) In any fiscal year in which the amount appropriated to carry out this part is less then $15,000,000, the institution—

[(I) may apply for a grant in an amount not exceeding $500,000; and

[(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

[(ii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than $15,000,000 but less than $25,000,000, the institution—

(I) may apply for a grant in an amount not exceeding $1,000,000; and

[(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

[(iii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than 25,000,000, the institution may apply for a grant in an amount not to exceed $1,500,000 if such institution has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

[(C)(i) Except as provided in clause (ii), if the appropriation for this part in a fiscal year is $20,000,000 or less, an eligible institution of higher education that is awarded a grant under subsection (b)(2)(B) of this section shall not be eligible for a grant under subsection (b)(2)(B) of this section during the 10 years immediately following the period that such institution received such a grant.

[(ii) If the appropriation for this part in any fiscal year is greeter than $20,000,000, and eligible institution of higher education that is awarded a grant under subsection (b)(2)(B) of this section shall not be eligible to reapply for grant under subsection (b)(2)(B) of this section during the 5 years immediately following the period that such institution received such a grant. This provision shall apply for the fiscal year in which the appropriation is greater than $20,000,000 and subsequent fiscal years regardless of the appropriation in those fiscal years.]

(B) The Secretary may make a grant under this part to an eligible institution in any fiscal year if the institution

(i) applies for a grant in an amount not exceeding $500,000; and

(ii) has deposited in the eligible institution's endowment fund established under this section an amount which is equal to ½ of the amount of such grant.

(C) An eligible institution of higher education that is awarded a grant under subparagraph (B) shall not be eligible to receive an additional grant under subparagraph (B) until 10 years after the date on which the grant period terminates.

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PART [B] *D*—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

SEC. [721.] *341.* FINDINGS.

* * * * * * *

SEC. [722.] *342.* DEFINITIONS.

* * * * * * *

(3) The term "qualified bond" means any obligation issued by the designated bonding authority at the direction of the Secretary, the net proceeds of which are loaned to an eligible institution for the purposes described in section [723(b)] *343(b).*

(4) The term "funding" means any payment under this part from the Secretary to the eligible institution or its assignee in fulfillment of the insurance obligations of the Secretary pursuant to an agreement under section [723] *343.*

(5) The term "capital project" means, subject to section [724(b)] *344(b)* the repair, renovation, or, in exceptional circumstances, the construction or acquisition, of—

(A) any classroom facility, library, laboratory facility, dormitory (including dining facilities) or other facility customarily used by colleges and universities for instructional or research purposes or for housing students, faculty, and staff;

(B) a facility for the administration of an educational program, or a student center or student union, except that not more than 5 percent of the loan proceeds provided under this part may be used for the facility, center or union if the facility, center or union is owned, leased, managed, or operated by a private business, that, in return for such use, makes a payment to the eligible institution;

[(B)] *(C)* instructional equipment, research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

(D) a maintenance, storage, or utility facility that is essential to the operation of a facility, a library, a dormitory, equipment, instrumentation, a fixture, real property or an interest therein, described in this paragraph;

(E) a facility designed to provide primarily outpatient health care for students or faculty;

[(C)] *(F)* any other facility, equipment or fixture which is essential to the maintaining or accreditation of the member institution by a nationally recognized accrediting agency or association; and

[(D)] *(G)* any real property or interest therein underlying facilities described in subparagraph (A) or [(C)] *(F).*

(6) The term "interest" includes accredited value or any other payment constituting interest on an obligation.

(7) The term "outstanding," when used with respect to bonds, shall not include bonds the payment of which shall have been provided for by the irrevocable deposit in trust of obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make payments on such bonds.

(8) The term "designated bonding authority" means the private, for-profit corporation selected by the Secretary pursuant to section [725(1)] *345(1)* for the purpose of issuing taxable construction bonds in furtherance of the purposes of this part.

(9) The term "Advisory Board" means the Advisory Board established by section [727] *347* of this part.

SEC. [723.] *343.* FEDERAL INSURANCE FOR BONDS.

(a) GENERAL RULE.—*Subject to the limitations in section [724] 344,* the Secretary is authorized to enter into insurance agreements to provide financial insurance to guarantee the full payment of principal and interest on qualified bonds upon the conditions set forth in subsections (b), (c) and (d).

(b) RESPONSIBILITIES OF THE DESIGNATED BONDING AUTHORITY.—The Secretary may not enter into an insurance agreement described in subsection (a) unless the Secretary designates a qualified bonding authority in accordance with sections [725(1) and 726]

345(1) and 346 and the designated bonding authority agrees in such agreement to—

* * * * * * *

(10) comply with the limitations set forth in section [724] *324* of this part; and

* * * * * * *

(d) FULL FAITH AND CREDIT PROVISIONS.—*Subject to section* [723(c)(1)] *343(c)(1)* the full faith and credit of the United States is pledged to the payment of all funds which may be required to be paid under the provisions of this section.

(e) Notwithstanding any other provision of law, the Secretary may sell a qualified bond guaranteed under this part to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.

SEC. [724] *344.* LIMITATIONS ON FEDERAL INSURANCE FOR BONDS ISSUED BY THE DESIGNATED BONDING AUTHORITY.

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SEC. [725] *345.* AUTHORITY OF THE SECRETARY.

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(2) shall require that the first loans for capital projects authorized under section [723] *343* be made no later than March 31, 1994;

* * * * * * *

SEC. [726] *346.* PROHIBITION.

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SEC. [727] *347.* HBCU CAPITAL FINANCING ADVISORY BOARD.

* * * * * * *

SEC. [728] *348.* MINORITY BUSINESS ENTERPRISE UTILIZATION.

In the performance of and with respect to the Secretary's effectuation of his responsibilities under section [725(1)] *345(1)* and to the maximum extent feasible in the implementation of the purposes of this part, minority business persons, including bond underwriters and credit enhancers, bond counsel, marketers, accountants, advisors, construction contractors, and managers should be utilized.

[PART B—MINORITY AND ENGINEERING IMPROVEMENT PROGRAMS]

[SUBPART 1—MINORITY SCIENCE IMPROVEMENT PROGRAM]

PART E—MINORITY SCIENCE IMPROVEMENT PROGRAM

SEC. [1021] *351.* PURPOSE; AUTHORITY.

* * * * * * *

SEC. [1022] *352.* GRANT RECIPIENT SELECTION.

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SEC. [1023] *353.* USE OF FUNDS.

(a) TYPES OF GRANTS.—Funds appropriated to carry out this subpart may be made available as—

(1) institutional grants (as defined in section [1046(6)] *365(6)*);

(2) cooperative grants (as defined in section [1046(7)] *365(7)*);

(3) design projects (as defined in section [1046(8)] *365(8)*);

(4) special projects (as defined in section [1046(9)] *365(9)*);

* * * * * * *

SEC. [1024] *354.* MULTIAGENCY STUDY OF MINORITY SCIENCE PROGRAMS.

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SUBPART [3] *2*—Administrative and General Provisions

SEC. [1041] *361.* ELIGIBILITY FOR GRANTS.

Eligibility to receive grants under this part is limited to—

(1) public and private nonprofit institutions that are minority institutions (as defined in section [1046(3)] *365*); *and*

(2) nonprofit science-oriented organizations, professional scientific societies, and all nonprofit, accredited colleges and universities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions[; and].

[(3) for the purposes of section 1032, public and private nonprofit institutions that have at least 10 percent minority enrollment.]

SEC. [1042] *362.* GRANT APPLICATION.

(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section [1041] *361*) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

(1) a program of activities for carrying out one or more of the purposes described in section [1021(b)] *351(b)* in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

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SEC. [1043] *363.* CROSS PROGRAM AND CROSS AGENCY COOPERATION.

* * * * * * *

SEC. [1044] *364.* ADMINISTRATION PROVISIONS.

* * * * * * *

SEC. [1046] *365.* DEFINITIONS.

For the purpose of this part—

(1) * * *

* * * * * * *

(4) The term "science" means, for the purpose of this program, the biological, engineering, mathematical, physical, *behavioral,* and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

* * * * * * *

SEC. [1047] *366.* AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this part, $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds appropriated for this part shall be allocated for the purpose of section 1021, 33.33 percent for the purpose of section 1031, and 16.67 percent for the purpose of section 1032.]

PART [D] *F*—GENERAL PROVISIONS

SEC. [351.] *391.* APPLICATIONS FOR ASSISTANCE.

(a) APPLICATION REQUIRED; APPROVAL.—* * *

* * * * * * *

(1) set forth, or describe how the institution (other than an institution applying under part C*, D or E*) will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

* * * * * * *

(6) provide that the institution will comply with the limitations set forth in section [357] *396*;

* * * * * * *

SEC. [352.] *392.* WAIVER AUTHORITY AND REPORTING REQUIREMENT.

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SEC. [353.] *393.* APPLICATION REVIEW PROCESS.

(a) REVIEW PANEL.—(1) * * *

* * * * * * *

(d) EXCLUSION.—The provisions of this section shall not apply to applications submitted under part D.

SEC. [354.] *394.* COOPERATIVE ARRANGEMENTS.

* * * * * * *

SEC. [356.] *395.* ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

(a) ASSISTANCE ELIGIBILITY.—* * *

* * * * * * *

(2) The provisions of this section shall apply to any program authorized by title [IV, VII, or VIII] *part D, title IV, or title VIII* of this Act.

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SEC. [357.] *396.* LIMITATIONS.

* * * * * * *

SEC. [358.] *397.* PENALTIES.

* * * * * * *

SEC. [360.] *398.* AUTHORIZATIONS OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—

(1) PART A.—(A) There are authorized to be appropriated to carry out part A, $135,000,000 (other than section 316) for fiscal year [1993] *1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B)(i) There] *(B) There* are authorized to be appropriated to carry out section 316, [$45,000,000 for fiscal year 1993] *$5,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(ii) No funds are authorized to be appropriated pursuant to clause (i) for any fiscal year unless the amount appropriated pursuant to paragraph (1)(A) for such fiscal year equals or exceeds $80,000,000.]

(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year [1993] *1999*, and such sums as may be necessary for each for the 4 succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 326, [$20,000,000 for fiscal year 1993] *$30,000,000 for fiscal year 1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(3) PART C.—There are authorized to be appropriated to carry out part C, [$50,000,000 for fiscal year 1993] *$10,000,000 for fiscal year 1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(4) PART D.—There are authorized to be appropriated to carry out part D, $110,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(5) PART E.—There are authorized to be appropriated to carry out part E, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

* * * * * * *

Subpart 1—[Basic Educational Opportunity Grants] *Federal Pell Grants*

SEC. 401. [BASIC EDUCATIONAL OPPORTUNITY GRANTS] *FEDERAL PELL GRANTS*: AMOUNT AND DETERMINATIONS; APPLICATIONS.

(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) The Secretary [shall, during the period beginning July 1, 1972, and ending September 30, 1998,], *for each fiscal year through fiscal year 2004, shall* pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to subsection (b). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students *until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner*, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

* * * * * * *

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) * * *

* * * * * * *

(2)(A) The amount of the basic grant for a student eligible under this part shall be—

[(i) $3,700 for academic year 1993–1994,
[(ii) $3,900 for academic year 1994–1995,
[(iii) $4,100 for academic year 1995–1996,
[(iv) $4,300 for academic year 1996–1997,
[(v) $4,500 for academic year 1997–1998,]
(i) $5,000 for academic year 1999–2000;
(ii) $5,200 for academic year 2000–2001;
(iii) $5,400 for academic year 2001–2002;
(iv) $5,600 for academic year 2002–2003; and
(v) $5,800 for academic year 2003–2004;

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

* * * * * * *

[(3)(A) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—

[(i) one-half of the amount by which such maximum basic grant exceeds $2,400; plus
[(ii) the lesser of—
[(I) the remaining one-half of such excess; or
[(II) the sum of the student's tuition and the student's allowance determined under subparagraph (B), if applicable.

[(B) For purposes of subparagraph (A)(ii)(II), a student's allowance is $750 if the student has dependent care expenses (as defined in section 472(8)) or disability related expenses (as defined in section 472(9)).]

(3) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—

(A) one-half of the amount by which such maximum basic grant exceeds $2,400; plus

(B) the lesser of—

(i) the remaining one-half of such excess; or

(ii) the sum of the student's tuition, fees, and if the student has dependent care expenses (as described in section 472(8) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.

* * * * * * *

(5) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than [$400, except that a student who is eligible for a basic grant that is equal to or greater than $200 but less than $400 shall be awarded a basic grant of $400] *$200*.

(6) *(A)* The Secretary may allow, on a case-by-case basis, a student to receive 2 Pell grants during a single award year, if—

[(A)] *(i)* the student is enrolled full-time in an associate or baccalaureate degree program of study that is 2 years or longer at an eligible institution that is computed in credit hours; and

[(B)] *(ii)* the student completes course work toward completion of an associate or baccalaureate degree that exceeds the requirements for a full academic year as defined by the institution.

(B) The Secretary shall promulgate regulations implementing this paragraph.

* * * * * * *

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—[(1) The period during which a student may receive basic grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.] *(1)(A) Except as provided in subparagraph (B), the period during which a student may receive a basic grant shall be the period, required for the completion of the first undergraduate baccalaureate course of study pursued by the student at the institution at which the student is in attendance, that does not exceed 150 percent of the period normally required by a full-time student (or the equivalent period, in the case of a part-time student) to complete the course of study at the institution, as determined by the institution.*

(B) A student may receive basic grants under this subpart for a period that exceeds the period described in subparagraph (A) to the

extent the institution in which the student is enrolled determines necessary to accommodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973.

(2) [Nothing] *(A) Except as provided in subparagraph (B), nothing*; in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate [or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills]. Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.

(B)(i) A student may receive a basic grant to attend English language instruction that is a separate course of instruction only if—

(I) students enrolled in such a course are required to take an independently administered standardized test of English language proficiency upon completion of the course; and

(II) not less than a minimum percentage of such students achieve a passing score on that test.

(ii) The Secretary shall promulgate regulations that specify 1 or more standardized tests of English proficiency, the minimum percentage of students who must achieve a passing score on the tests, and such other requirements as the Secretary determines are necessary to implement clause (i).

* * * * * * *

Subpart 2—Federal Early Outreach and Student Services Programs

CHAPTER 1—FEDERAL TRIO PROGRAMS

Sec. 402A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

(a) GRANTS AND CONTRACTS AUTHORIZED.—* * *

* * * * * * *

(b) RECIPIENTS, DURATION, AND SIZE.—

(1) RECIPIENTS.—* * *

* * * * * * *

(3) MINIMUM GRANT LEVEL.—In any year in which the appropriations authorized under this chapter exceed the prior year appropriation as adjusted for inflation, the Secretary shall use 80 percent of the amount appropriated above the current level to bring each award up to the minimum grant level or the amount requested by the institution or agency, whichever is less. The minimum grant level (A) for programs authorized under section 402D or 402G, shall not be less than [$170,000 for fiscal year 1993]; *$190,000 for each fiscal year* (B) for programs authorized under section 402B or 402F shall not be less than [$180,000 for fiscal year 1994]; *$200,000 for each fiscal year* and (C) for programs authorized under section 402C or

402E shall not be less than [$190,000 for fiscal year 1995] *$210,000 for each fiscal year*.

* * * * * * *

(c) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

(1) PRIOR EXPERIENCE.—* * *

* * * * * * *

(2) ORDER OF AWARDS; PROGRAM FRAUD.—(A) Except with respect to grants made under section 402G, and as provided in subparagraph (B), the Secretary shall award grants and contracts under this chapter in the order of the scores received by the application for such grant or contract in the peer review process required under section [1210] *110* and adjusted for prior * * *.

* * * * * * *

(6) COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.—The Secretary shall encourage coordination of programs assisted under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such programs. The Secretary shall not limit an entity's eligibility to receive funds under this chapter because such entity sponsors a program similar to the program to be assisted under this chapter, regardless of the funding source of such program. [The Secretary shall not require a separate Director to administer a program funded under this chapter if the imposition of such requirement will hinder coordination among programs funded under this chapter or between programs funded under this subpart and similar programs funded through other sources.] *The Secretary shall permit a Director of a program assisted under this chapter to also administer 1 or more additional programs for disadvantaged students operated by the sponsoring entity regardless of the funding source of such additional program.*

* * * * * * *

(f) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated [$650,000,000 for fiscal year 1993] *$700,000,000 for fiscal year 1999,* and such sums as may be necessary for each of the 4 succeeding fiscal years. Of the amount appropriated under this chapter, the Secretary may use no more than ½ of 1 percent of such amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees. In expending these funds, the Secretary shall give priority to the additional administrative requirements provided in the Higher Education Amendments of 1992, to outreach activities, and to obtaining additional readers. The Secretary shall report to Congress by October 1, 1994, on the use of these funds.

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SEC. 402B. TALENT SEARCH.

(a) PROGRAM AUTHORITY.—* * *

* * * * * * *

(b) PERMISSIBLE SERVICES.—any talent search project assisted under this chapter may provide services such as—

(1) * * *

* * * * * * *

(5) personal and career counseling;*, or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented*;

* * * * * * *

SEC. 402C. UPWARD BOUND.

(a) PROGRAM AUTHORITY.—* * *

(b) PERMISSIBLE SERVICES.—* * *

* * * * * * *

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; ⟦and⟧

(10) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree; and

⟦(10)⟧ *(11)* programs and activities as described in paragraphs (1) through ⟦(9)⟧ *(10)* which are specially designed for students of limited English proficiency.

* * * * * * *

(e) MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $60 per month during June, July, and August, ⟦and not in excess of $40 per month during the remaining period of the year.⟧ *except that youth participating in a work-study position under subsection (b)(10) may be paid a stipend of $300 per month during June, July, and August. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $40 per month during the remaining period of the year.*

SEC. 402D. STUDENT SUPPORT SERVICES.

(a) PROGRAM AUTHORITY.—* * *

* * * * * * *

(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—* * *

* * * * * * *

⟦(6) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will be offered sufficient financial assistance to meet that student's full financial need.⟧

(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

(A) providing sufficient financial assistance to meet the full financial need of each student at the institution; and

(B) maintaining the loan burden of each such student at a manageable level.

* * * * * * *

CHAPTER 2—NATIONAL EARLY INTERVENTION SCHOLARSHIP AND PARTNERSHIP PROGRAM

* * * * * * *

SEC. 404G. APPROPRIATIONS.

There is authorized to be appropriated to make grants under this chapter $200,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the four succeeding fiscal years.

[SEC. 402H. EVALUATION FOR PROJECT IMPROVEMENT.

[(a) IN GENERAL.—For the purpose of improving the operation of the programs and projects assisted under this chapter, the Secretary is authorized to make grants to and enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the various programs assisted under this subpart in meeting the purposes described in this chapter.

[(b) CONTENT.—The evaluations described in subsection (a) shall identify institutional, community and program practices particularly effective in increasing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of such individuls and students for postsecondary education, and such individuals' and students' success in postsecondary education.

[(c) RUSULTS.—In order to improve program effectiveness, the results of the ongoing evaluations described in subsection (a) shall be disseminated by the Secretary to similar programs assisted under this chapter as well as other individuals concerned with the postsecondary access and retention of low-income individuals and first-generation college students.]

SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.

(a) EVALUATIONS.—

(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this subpart, the Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this subpart.

(2) PRACTICES.—The evaluations described in paragraph (1) shall identify institutional, community, and program or project practices that are particularly effective in enhancing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of the individuals and students for postsecondary education, and the success of the individuals and students in postsecondary education.

(b) GRANTS.—The Secretary may award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out a program or project assisted under this subpart prior to the date of enactment of the Higher Education

Amendments of 1998, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations, that are not receiving assistance under this subpart and are serving low-income students and first generation college students, in order to—

(1) disseminate and replicate best practices of programs or projects assisted under this subpart; and

(2) provide technical assistance regarding programs and projects assisted under this subpart.

(c) RESULTS.—In order to improve overall program or project effectiveness, the results of evaluations and grants described in this section shall be disseminated by the Secretary to similar programs or projects assisted under this subpart, as well as other individuals concerned with postsecondary access for and retention of low-income individuals and first-generation college students.

[Chapters 3 through 8 repealed**]**

Subpart 3—Federal Supplemental Educational Opportunity Grants

SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) PURPOSE OF SUBPART.—

* * * * * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments as to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated **[**$675,000,000 for fiscal year 1993**]** *$700,000,000 for fiscal year 1999,* and such sums as may be necessary for the 4 succeeding fiscal years.

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SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPEINTS.

(a) INSTITUTIONAL ELIGIBILITY.—* * *

* * * * * * *

[(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institutions less than full time and if the total financial need of all such students attending the institution exceeds 5 percent of the total financial need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students.**]**

(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on less than

a full-time basis, a reasonable proportion of the allocation shall be made available to such students.

* * * * * * *

SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCATION.

(a) CARRYOVER AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

(b) CARRYBACK AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, be used by the institution for expenditure for the fiscal year preceding the fiscal year for which the sums were appropriated.

(c) REALLOCATION.—Any of the sums made available to an eligible institution under this subpart for a fiscal year that are not needed by the institution to award supplemental grants during that fiscal year, that the institution does not wish to use during the succeeding fiscal year as authorized in subsection (a), and that the institution does not wish to use for the preceding fiscal year as authorized in subsection (b), shall be made available to the Secretary for reallocation under section 413D(e) until the end of the second fiscal year after the fiscal year for which such sums were appropriated.

Subpart 4—Grants to States for State Student Incentives

SEC 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

[(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in providing grants to—

[(1) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

[(2) eligible students for campus-based community service work-study.**]**

(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

(1) providing grants to—

(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

(B) eligible students for campus-based community service work-study; and

(2) carrying out the activities described in section 415F.

(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—

(1) IN GENERAL.—There are authorized to be appropriated $105,000,000 for fiscal year **[**1993**]** *1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $35,000,000, the excess shall be available to carry out section 415E.

[(2)] *(3)* AVAILABILITY.—Sums appropriated pursuant to the authority of paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year for which such sums were appropriated.

SEC. 415B. ALLOTMENT AMONG STATES.

(a) ALLOTMENT BASED ON NUMBER OF RELIGIBLE STUDENTS IN ATTENDANCE.—(1) From the sums appropriated pursuant to section 415A(b)(1) *and not reserved under section 415A(b)(2)* for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

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SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

(b) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.

(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

(3) making funds available for community service work-study activities for eligible students who demonstrate financial need;

(4) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching;

(5) creating a scholarship program for eligible students who demonstrate financial need and wish to enter a program of study leading to a degree in mathematics, computer science, or engineering;

(6) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

(7) awarding merit or academic scholarships to eligible students who demonstrate financial need.

(d) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per stu-

dent or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (c) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year.

(e) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (c) for any fiscal year shall be 33⅓ percent.

SEC. [415E.] *415F* DEFINITION.

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SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

(a) IN GENERAL.—Any State that desires to receive assistance under this subpart shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth under this subpart.

(b) CONTENTS.—

(1) IN GENERAL.—Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

(A) the State will provide for such methods of administration as are necessary for the proper and efficient administration of the program under this subpart in keeping with the purposes set forth under this subpart;

(B) the State will provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under this subpart;

(C) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants under this subpart; and

(D) the State has a comprehensive planning or policy formulation process that—

(i) considers the relation between State administration of the program under this subpart, and administration of similar State programs or processes;

(ii) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

(iii) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

(iv) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

(v) provides for direct, equitable, and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community col-

leges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

(2) SPECIAL RULE.—Participation under paragraph (1)(D)(v) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

(c) SPECIAL RULE.—The information and assurances provided by a State in accordance with subparagraphs (A), (B), and (C) of subsection (b)(1), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any program under this subpart.

(d) AGREEMENT DURATION; COMPLIANCE.—

(1) AGREEMENT DURATION.—An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

(2) COMPLIANCE.—Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in subparagraph (A), (B), or (C) of subsection (b)(1), the Secretary shall notify the State that the State is no longer eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

(e) SPECIAL RULES.—

(1) ENTITIES ENTERING INTO AGREEMENTS.—For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

(2) CONSTRUCTION.—

(A) STATE STRUCTURE.—Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in a program under this subpart, a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

(B) STATE AUTHORITY.—Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs that is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.

Subpart 5—Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

(a) PROGRAM AUTHORITY.—* * *

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(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program [$15,000,000 for fiscal year 1993] *$25,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There are authorized to be appropriated for the college assistance migrant program [$5,000,000 for fiscal year 1993] *$10,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

Subpart 6—Robert C. Byrd Honors Scholarship Program

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SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for this subpart [$10,000,000 for fiscal year 1993] *$45,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SUBPART 7—ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION]

Subpart 7—Child Care Access Means Parents in School

SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

(a) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

(b) PROGRAM AUTHORIZED.—

(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services primarily to low-income students.

(2) AMOUNT OF GRANTS.—

(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

(3) DURATION; RENEWAL; AND PAYMENTS.—

(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

(B) RENEWAL.—A grant under this section may be renewed for a period of 3 years.

(C) PAYMENTS.—Subject to subsection (e)(2), the Secretary shall make annual grant payments under this section.

(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program primarily serving the needs of low-income students enrolled at the institution of higher education.

(6) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an institution of higher education that receives grant funds under this section from serving the child care needs of the community served by the institution.

(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

(c) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

(1) demonstrate that the institution is an eligible institution described in subsection (b)(4);

(2) specify the amount of funds requested;

(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application—

(A) information regarding student demographics;

(B) an assessment of child care capacity on or near campus;

(C) information regarding the existence of waiting lists for existing child care;

(D) information regarding additional needs created by concentrations of poverty or by geographic isolation; or

(E) other relevant data;

(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

(5) identify the resources, including technical expertise and financial support, the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, corporate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

(7) describe the extent to which the child care program will coordinate with the institution's early childhood education cur-

riculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section;

(8) in the case of an institution seeking assistance for a new child care program—

(A) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

(d) PRIORITY.—The Secretary shall give priority in awarding grants under this section to institutions of higher education that submit applications describing programs that—

(1) leverage significant local or institutional resources, including in-kind contributions, to support the activities assisted under this section; and

(2) utilize a sliding fee scale for child care services provided under this section in order to support a high number of low-income parents pursuing postsecondary education at the institution.

(e) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

(1) REPORTING REQUIREMENTS.—

(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months, and 36 months, after receiving the first grant payment under this section.

(B) CONTENTS.—The report shall include—

(i) data on the population served under this section;

(ii) information on campus and community resources and funding used to help low-income students access child care services;

(iii) information on progress made toward accreditation of any child care facility; and

(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the

basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

(f) CONSTRUCTION.—No funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SUBPART 8—SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

[SEC. 420B. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

[(a) PROGRAM AUTHORITY.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

[(b) APPLICATIONS.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

[(1) a description of the program to be established;

[(2) assurances by the applicant to the Secretary that—

[(A) not less than two-thirds of the participants in the program are low-income individuals;

[(B) the participants require the services to pursue successfully a program of education beyond high school;

[(C) the participants are enrolled at the institution which is the recipient of the grant;

[(D) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

[(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

[(3) such information (and meet such conditions) as may be required by the Secretary.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purpose of this section, $20,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) DEFINITION.—For purposes of this subpart, the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.]

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 422. ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS.

(a) PURPOSE OF AND AUTHORITY FOR ADVANCES TO RESERVE FUNDS.—

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(c) ADVANCES FOR INSURANCE OBLIGATIONS.—

(1) USE FOR PAYMENT OF INSURANCE OBLIGATIONS.— * * *

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(6) PAYMENT OF ADVANCES WHERE NO STATE PROGRAM.— * * *

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(i) agrees to establish within such State at least one office with sufficient staff to handle [written] *written, electronic* and telephone inquiries from students, eligible lenders, and other persons in the State, to encourage maximum commercial lender participation within the State, and to conduct periodic visits to at least the major eligible lenders within the State;

* * * * * * *

(7) Emergency advances.—The Secretary is authorized to make advances, on terms and conditions satisfactory to the Secretary, to a guaranty agency—

(A) in accordance with section 428(j), in order to ensure that the guaranty agency shall make loans as the lender-of-last-resort [during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title]; or

* * * * * * *

(g) PRESERVATION AND RECOVERY OF GUARANTY AGENCY RESERVES.—

(1) AUTHORITY TO RECOVER FUNDS.—Notwithstanding any other provision of law, the reserve funds of the guaranty agencies, and any assets purchased with such reserve funds, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part [or the program authorized by part D of this title]. However, the Secretary may not require the return of all reserve funds of a guaranty agency to the Secretary unless the Secretary determines that such return is in the best interest of the operation of the program authorized by this part [or the program authorized by part D of this title], or to ensure the proper maintenance of such agency's funds or assets or the orderly termination of the guaranty agency's operations and the liquidation of its assets. The reserves shall be maintained by each guaranty agency to pay program expenses and contingent liabilities, as authorized by the Secretary, except that—

(i) ADDITIONAL RECALL OF RESERVES.—

(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall $40,000,000 for each of the fiscal years 1999, 2000, 2001, 2002, and 2003 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) annually on the basis of 1/5 of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

(A) EQUAL PERCENTAGE.—The Secretary shall require each guaranty agency to return an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

(B) CALCULATION.—The equal percentage reduction shall be the percentage obtained by dividing—

(i) $200,000,000, by

(ii) the total amount of all guaranty agencies' reserve funds held on September 30, 1996.

(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

(5) DEFINITION OF RESERVE FUNDS.—The term "reserve funds" when used with respect to a guaranty agency—

(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

(B) does not include buildings, equipment, or other nonliquid assets.

* * * * * * *

SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 into a Federal Student Loan Reserve Fund (in this section referred to as the 'Federal Fund'), in an account of a type selected by the agency, with the approval of the Secretary.

(b) INVESTMENT OF FUNDS.—Funds transferred to the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary. Earnings from the Federal Fund shall be the sole property of the Federal Government.

(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to section 428(c)(6)(A)(i); and

(3) the amount of the insurance premium collected from borrowers pursuant to section 428(b)(1)(H).

(d) USES OF FUNDS.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

(1) to pay lender claims pursuant to sections 428(b)(1)(G), 428(j), 437, and 439(q); and

(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund administered by the guaranty agency, regardless of who holds or controls the reserve funds or assets, and any nonliquid assets that were purchased with Federal reserve funds, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part, as provided in subsection (d). The Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activity involving expenditure, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication, misuse, or improper expenditure of such funds or assets.

(f) TRANSITION.—

(1) IN GENERAL.—In order to establish the Agency Operating Fund established by section 422B, each agency may transfer not more than 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and Budget Circular A–87 (Cost Accounting Standards) for use in the performance of the agency's duties under this part. Such transfers may occur during the first 3 years following the establishment of the Agency Operating Fund, except that no agency may transfer in excess of 40 percent of the Federal Fund balance to the agency's Agency Operating Fund during any fiscal year. In determining the amount necessary for transfer, the agency shall assure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve funds recall requirements of subsection (b).

(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection not later than 3 years after the establishment of the Agency Operating Fund, and shall repay all sums transferred not later than 5 years from the date of the establishment of the Agency Operating Fund. The guaranty agency shall provide to the Secretary a schedule for repayment of the sums transferred and an annual financial analysis demonstrating the agency's ability to comply with the schedule and repay all outstanding sums transferred.

(3) PROHIBITION.—If a guaranty agency transfers funds from the Federal Fund in accordance with this section, and fails to make scheduled repayments to the Federal Fund, the agency

may not receive any other funds under this part until the Secretary determines that the agency has made such repayments.

(4) WAIVER.—The Secretary may waive the requirements of paragraph (3) for a guaranty agency described in such paragraph if the Secretary determines there are extenuating circumstances beyond the control of the agency that justify such a waiver.

(5) INVESTMENT OF FEDERAL FUNDS.—Funds transferred from the Federal Fund to the Agency Operating Fund for operating expenses shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary.

(6) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the guaranty agency in the calculation.

SEC. 422B. AGENCY OPERATING FUND.

(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (in this section referred to as the "Operating Fund").

(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund pursuant to section 422A(f), shall be invested at the discretion of the guaranty agency.

(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

(2) the portfolio maintenance fee paid by the Secretary in accordance with section 458;

(3) the default prevention fee paid in accordance with section 428(l); and

(4) amounts remaining pursuant to section 428(c)(6)(A)(ii) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Student Loan Reserve Fund pursuant to section 422A(c)(2).

(d) USES OF FUNDS.—

(1) IN GENERAL.—Funds in the Operating Fund shall be used for application processing, loan disbursement, enrollment and repayment status management, default prevention activities (including those described in section 422(h)(8), default collection activities, school and lender training, compliance monitoring, and other student financial aid related activities as determined by the Secretary.

(2) SPECIAL RULE.—The guaranty agency may, in the agency's discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use pursuant to section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the sole property of the United States.

(3) DEFINITIONS.—For purposes of this subsection:

(A) DEFAULT COLLECTION ACTIVITIES.—The term "default collection activities" means activities of a guaranty agency that are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone, and similar charges.

(B) DEFAULT PREVENTION ACTIVITIES.—The term "default prevention activities" means activities of a guaranty agency, including those described in section 422(h)(8), that are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the default prevention activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges.

(C) ENROLLMENT AND REPAYMENT STATUS MANAGEMENT.—The term "enrollment and repayment status management" means activities of a guaranty agency that are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this title.

(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund in accordance with section 422A(f), shall be considered to be the property of the guaranty agency. The Secretary may not regulate the uses or expenditure of moneys in the Operating Fund, but the Secretary may require such necessary reports and audits as provided in section 428(b)(2). However, during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of transfer under 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part.

(f) AUTHORITY OF SECRETARY TO DISPOSE OF NONLIQUID ASSETS.—The Secretary may allow a guaranty agency to purchase nonliquid assets of the agency originally acquired with student loan reserve funds, except that an agency may not purchase any nonliquid assets during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of a transfer under section 422A(f). The purchase amount shall be available for expenditure under section 458.

* * * * * * *

[SEC. 427A. APPLICABLE INTEREST RATES.

[(a) RATES TO BE CONSISTENT FOR BORROWER'S ENTIRE DEBT.—With respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, the rate of interest applicable to any borrower shall—

[(1) not exceed 7 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has an outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, for which the interest rate does not exceed 7 percent;

[(2) except as provided in paragraph (3), be 9 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has no outstanding balance of principal or interest on any loan described in paragraph (1) or any loan for which the interest rate is determined under paragraph (1); or

[(3) be 8 percent per year on the unpaid principal balance of the loan for a loan to cover the cost of education for any period of enrollment beginning on or after a date which is 3 months after a determination made under subsection (b) in the case of any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan for which the interest rate is determined under paragraph (1) or (2) of this subsection.

[(b) REDUCTION FOR NEW BORROWERS AFTER DECLINE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after January 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 9 percent, the interest rate for loans under this part shall be the rate prescribed in subsection (a)(3) for borrowers described in such subsection.

[(c) RATES FOR SUPPLEMENTAL LOANS FOR STUDENTS AND LOANS FOR PARENTS.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 428A or 428B on or after October 1, 1981, shall be 14 percent per year on the unpaid principal balance of the loan.

[(2) REDUCTION OF RATE AFTER DECLINE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 14 percent, the applicable rate of interest for loans made pursuant to section 428A or 428B on and after the first day of the first month beginning after the date of publication of such determination shall be 12 percent per year on the unpaid principal balance of the loan.

[(3) INCREASE OF RATE AFTER INCREASE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period exceeds 14 percent, the applicable rate of interest for loans made pursuant to section 428A or 428B on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 percent per year on the unpaid principal balance of the loan.

[(4) AVAILABILITY OF VARIABLE RATES.—(A) For any loan made pursuant to section 428A or 428B and disbursed on or after July 1, 1987, or any loan made pursuant to such section prior to such date that is refinanced pursuant to section 428A(d) or 428B(d), the applicable rate of interest during any 12-month period beginning on July 1 and ending on June 30 shall be determined under subparagraph (B), except that such rate shall not exceed 12 percent.

[(B) For any 12-month period beginning on July 1 and ending on June 30, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—

[(i) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus

[(ii) 3.25 percent.

[(C) The Secretary shall determine the applicable rate of interest under subparagraph (B) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(D) Notwithstanding subparagraph (A)—

[(i) for any loan made pursuant to section 428A for which the first disbursement is made on or after October 1, 1992—

[(I) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(II) the interest rate shall not exceed 11 percent;

[(ii) for any loan made pursuant to section 428B for which the first disbursement is made on or after October 1, 1992—

[(I) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(II) the interest rate shall not exceed 10 percent.

[(E) Notwithstanding subparagraphs (A) and (D) for any loan made pursuant to section 428B for which the first disbursement is made on or after July 1, 1994—

[(i) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(ii) the interest rate shall not exceed 9 percent.

[(d) INTEREST RATES FOR NEW BORROWERS AFTER JULY 1, 1988.—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B and 428C) to cover the cost of instruction for any pe-

riod of enrollment beginning on or after July 1, 1988, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

[(1) 8 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

[(2) 10 percent per year on the unpaid principal balance of the loan during the remainder of the repayment period.

[(e) INTEREST RATES FOR NEW BORROWERS AFTER OCTOBER 1, 1992.—

[(1) IN GENERAL.—Notwithstanding subsections (a), (b), and (d) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B and 428C) for which the first disbursement is made on or after October 1, 1992, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under section 427, 428, or 428H of this part, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) to bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.10 percent,

except that such rate shall not exceed 9 percent.

[(2) CONSULTATION.—The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(f) INTEREST RATES FOR NEW LOANS AFTER JULY 1, 1994.—

[(1) IN GENERAL.—Notwithstanding subsections (a), (b), (d), and (e) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding July 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.10 percent,

except that such rate shall not exceed 8.25 percent.

[(2) CONSULTATION.—The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(g) IN SCHOOL AND GRACE PERIOD RULES.—

[(1) GENERAL RULE.—Notwithstanding the provisions of subsection (f), but subject to subsection (h), with respect to any loan under section 428 or 428H of this part for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

[(A) prior to the beginning of the repayment period of the loan; or

[(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall not exceed the rate determined under paragraph (2).

[(2) RATE DETERMINATION.—For purposes of paragraph (1), the rate determined under this paragraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

[(B) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

[(3) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(h) INTEREST RATES FOR NEW LOANS AFTER JULY 1, 1998.—

[(1) IN GENERAL.—Notwithstanding subsections (a), (b), (d), (e), (f), and (g) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to sections 428B and 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of the securities with a comparable maturity as established by the Secretary; plus

[(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

[(2) INTEREST RATES FOR NEW PLUS LOANS AFTER JULY 1, 1998.—Notwithstanding subsections (a), (b), (d), (e), (f), and (g), with respect to any loan made under section 428B for which the first disbursement is made on or after July 1, 1998, paragraph (1) shall be applied—

[(A) by substituting "2.1 percent" for "1.0 percent" in subparagraph (B); and

[(B) by substituting "9.0 percent" for "8.25 percent" in the matter following such subparagraph.

[(3) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(i) TREATMENT OF EXCESS INTEREST PAYMENTS ON NEW BORROWER ACCOUNTS RESULTING FROM DECLINE IN TREASURY BILL RATES.—

[(1) EXCESS INTEREST ON 10 PERCENT LOANS.—If, with respect to a loan for which the applicable interest rate is 10 percent under subsection (d) of this section at the close of any calendar quarter, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.25 percent is less than 10 percent, then an adjustment shall be made to a borrower's account—

[(A) by calculating excess interest in the amount computed under paragraph (2) of this subsection; and

[(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the Government pursuant to section 428(a), by crediting the excess interest to the Government; or

[(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

[(2) AMOUNT OF ADJUSTMENT FOR 10 PERCENT LOANS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

[(A) 10 percent minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.25 percent; multiplied by

[(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

[(C) four.

[(3) EXCESS INTEREST ON LOANS AFTER 1992 AMENDMENTS, TO BORROWERS WITH OUTSTANDING BALANCES.—If, with respect to a loan made on or after the date of enactment of the Higher Education Amendments of 1992 to a borrower, who on the date of entering into the note or other written evidence of the loan, has an outstanding balance of principal or interest on any other loan made, insured, or guaranteed under this part, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.1 percent is less than the applicable interest rate, then an adjustment shall be made—

[(A) by calculating excess interest in the amount computed under paragraph (4) of this subsection; and

[(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the Government pursuant to section 428(a), by crediting the excess interest to the Government; or

[(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

[(4) AMOUNT OF ADJUSTMENT.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

[(A) the applicable interest rate minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.1 percent; multiplied by

[(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

[(C) four.

[(5) ANNUAL ADJUSTMENT OF INTEREST AND BORROWER ELIGIBILITY FOR CREDIT.—Any adjustment amount computed pursuant to paragraphs (2) and (4) of this subsection for any quarter shall be credited, by the holder of the loan on the last day of the calendar year in which such quarter falls, to the loan account of the borrower so as to reduce the principal balance of such account. No such credit shall be made to the loan account of a borrower who on the last day of the calendar year is delinquent for more than 30 days in making a required payment on the loan, but the excess interest shall be calculated and credited to the Secretary. Any credit which is to be made to a borrower's account pursuant to this subsection shall be made effective commencing no later than 30 days following the last day of the calendar year in which the quarter falls for which the credit is being made. Nothing in this subsection shall be construed to require refunding any repayment of a loan. At the option of the lender, the amount of such adjustment may be distributed to the borrower either by reduction in the amount of the periodic payment on the loan, by reducing the number of payments that shall be made with respect to the loan, or by reducing the amount of the final payment of the loan. Nothing in this paragraph shall be construed to require the lender to make additional disclosures pursuant to section 433(b).

[(6) PUBLICATION OF TREASURY BILL RATE.—For the purpose of enabling holders of loans to make the determinations and adjustments provided for in this subsection, the Secretary shall for each calendar quarter commencing with the quarter beginning on July 1, 1987, publish a notice of the average of the bond equivalent rates of 91-day Treasury bills auctioned for such quarter. Such notice shall be published not later than 7 days after the end of the quarter to which the notice relates.

[(7) CONVERSION TO VARIABLE RATE.—(A) Subject to subparagraphs (C) and (D), a lender or holder shall convert the interest rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. Such conversion shall occur not later than January 1, 1995, and, commencing on the date of conversion, the applicable interest rate for each 12-month period beginning on July 1 and ending on June 30 shall be determined by the Secretary on the June 1 preceding each such 12-month period and be equal to the sum of (i) the bond equivalent rate of the 91-day Treasury bills auctioned at the final auction prior to such June 1; and (ii) 3.25 percent in the case of loans described in paragraph (1), or 3.10 percent in the case of loans described in paragraph (3).

[(B) In connection with the conversion specified in subparagraph (A) for any period prior to such conversion, and subject

to paragraphs (C) and (D), a lender or holder shall convert the interest rate to a variable rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. The interest rates for such period shall be reset on a quarterly basis and the applicable interest rate for any quarter or portion thereof shall equal the sum of (i) the average of the bond equivalent rates of 91-Treasury bills auctioned for the preceding 3-month period, and (ii) 3.25 percent in the case of loans described in paragraph (1) or 3.10 percent in the case of loans described in paragraph (3). The rebate of excess interest derived through this conversion shall be provided to the borrower as specified in paragraph (5) for loans described in paragraph (1) or to the Government and borrower as specified in paragraph (3).

[(C) A lender or holder of a loan being converted pursuant to this paragraph shall complete such conversion on or before January 1, 1995. The lender or holder shall notify the borrower that the loan shall be converted to a variable interest rate and provide a description of the rate to the borrower not later than 30 days prior to the conversion. The notice shall advise the borrower that such rate shall be calculated in accordance with the procedures set forth in this paragraph and shall provide the borrower with a substantially equivalent benefit as the adjustment otherwise provided for under this subsection. Such notice may be incorporated into the disclosure required under section 433(b) if such disclosure has not been previously made.

[(D) The interest rate on a loan converted to a variable rate pursuant to this paragraph shall not exceed the maximum interest rate applicable to the loan prior to such conversion.

[(E) Loans on which the interest rate is converted in accordance with subparagraph (A) or (B) shall not be subject to any other provisions of this subsection.

[(j) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

[(k) DEFINITIONS.—For the purpose of subsections (a) and (d) of this section—

[(1) the term "period of instruction" shall, at the discretion of the lender, be any academic year, semester, trimester, quarter, or other academic period; or shall be the period for which the loan is made as determined by the institution of higher education; and

[(2) the term "period of enrollment" shall be the period for which the loan is made as determined by the institution of higher education and shall coincide with academic terms such as academic year, semester, trimester, quarter, or other academic period as defined by such institution.]

SEC. 427A. APPLICABLE INTEREST RATES.

(a) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 1998.—

(1) IN GENERAL.—Subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which

the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

(A) prior to the beginning of the repayment period of the loan; or

(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting "1.7 percent" for "2.3 percent".

(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

(A) by substituting "3.1 percent" for "2.3 percent"; and

(B) by substituting "9.0 percent" for "8.25 percent".

(b) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

(c) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this section after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) FEDERAL INTEREST SUBSIDIES.—

(1) TYPES OF LOANS THAT QUALIFY.—Each student who has received a loan for study at an eligible institution— * * *

* * * * * * *

(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

[(I) sets forth such student's estimated cost of attendance (as determined under section 472);

[(II) sets forth such student's estimated financial assistance; and

[(III) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and]

(I) sets forth the loan amount for which the student shows financial need; and

(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and"; and

[(ii) meet the requirements of subparagraph (B); and]

(ii) meets the requirements of subparagraph (B); and;

(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's driver's number, if any.

[(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).]

(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) (and a loan amount pursuant to section 428H) if the eligible institution has determined and documented the student's amount of need for a loan based on the student's estimated cost of attendance, estimated financial assistance, and, for the purpose of an interest payment pursuant to this section, the expected family contribution (as determined under part F), subject to the provisions of subparagraph (D).

[(C) For the purpose of paragraph (1) and this paragraph—

[(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 3 of part A, and parts C and E of this title, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

[(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated in accordance with part F.]

(C) For the purpose of subparagraph (B) and this paragraph—

(i) a student's cost of attendance shall be determined under section 472;

(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 3 of part A, parts C and E, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education

benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall, with the exception of loans made under section 428H, be calculated in accordance with part F.

* * * * * * *

[(F) Except as provided in subparagraph (D), an eligible institution may refuse to certify a statement which permits a student to receive a loan under this part or to certify a loan amount that is less than the student's determination of need (as determined under part F of this title), if the reason for such action is documented and provided in written form to each student so affected.**]**

* * * * * * *

(v) A lender may not receive interest on a loan for any period that precedes the date that is—

(I) in the case of a loan disbursed by check, 10 days before the first disbursement *by the institution* of the loan; or

(II) in the case of a loan disbursed by electronic funds transfer, 3 days before the first disbursement *by the institution* of the loan.

(B) If—

* * * * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

(1) REQUIREMENTS OF INSURANCE PROGRAM.—* * *

* * * * * * *

(A) authorizes the insurance in any academic year, *as defined in section 481(d)(2),* or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

(iv) in the case of a student who has received an associate or baccalaureate degree and is enrolled in an eligible program for which the institution requires such degree for admission, the number of years that a student has completed in a program of undergraduate education shall, for the purposes of clauses (ii) and (iii), include any prior enrollment in the eligible program of undergraduate education for which the student was awarded such degree; **[**and**]**

(v) in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, $8,500; *and*

(vi) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

(I) $2,625 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,500 for coursework necessary for enrollment in a graduate or professional degree or certification program; and

(II) $5,500 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purposes of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

[(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

[(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 428A, the option of repaying the loan in accordance with a graduated or income-sensitive repayment schedule established by the lender and in accordance with regulations of the Secretary; and

[(ii) repayment of loans shall be in installments over a period of not less than 5 years (unless the student, during the 6 months immediately preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years commencing at the beginning of the repayment period determined under paragraph (7) of this subsection;]

(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 428H, the option of repaying the loan in accordance with a graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations provided by the Secretary; and

(ii) repayment of loans shall be in installments in accordance with the repayment plan selected under paragraph (9) and commencing at the beginning of the repayment period determined under paragraph (7)

* * * * * * *

(L) provides that the total payments by a borrower—

(i) *except as otherwise provided by a repayment plan selected by the borrower under clause (ii) or (iii) of paragraph (9)(A),* during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than $600 or the balance of all such loans (together with interest thereon), whichever amount is less (but in no instance less than the amount of interest due and payable); and

* * * * * * *

(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the emergency action, limitation, suspension, or termination of a lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, (ii) assurances that the guaranty agency will report to the Secretary concerning changes in such criteria, including any procedures in effect under such program to take emergency action, limit, suspend, or terminate lenders, and (iii) for (I) a compliance audit of each lender *that originates or holds more than $5,000,000 in loans made under this title for any fiscal year (except that each lender described in section 435(d)(1)(A)(ii)(III) shall annually submit the results of an audit required by this clause),* at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary, or (II) with regard to a lender that is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of subclause (I) for the period covered by such audit, except that the Secretary may waive the requirements of this clause (iii) if the lender submits to the Secretary the results of an audit conducted for other purposes that the Secretary determines provides the same information as the audits required by this clause;

* * * * * * *

(9) REPAYMENT PLANS.—

(A) DESIGN AND SELECTION.—In accordance with regulations promulgated by the Secretary, the lender shall offer a borrower of a loan made under this part the plans described in this subparagraph for repayment of such loan, including principal and interest thereon. Except as pro-

vided in paragraph (1)(L)(i), no plan may require a borrower to repay a loan in less than 5 years. The borrower may choose from—

(i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years;

(ii) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years;

(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time not to exceed 10 years, except that the borrower's scheduled payments shall not be less than the amount of interest due; and

(iv) for first-time borrowers on or after the date of enactment of the Higher Education Amendments of 1998 with outstanding loans under this part totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years, except that the borrower shall repay annually a minimum amount determined in accordance with paragraph (2)(L).

(B) LENDER SELECTION OF OPTION IF BORROWER DOES NOT SELECT.—If a borrower of a loan made under this part does not select a repayment plan described in subparagraph (A), the lender shall provide the borrower with a repayment plan described in subparagraph (A)(j).

(C) CHANGES IN SELECTION.—The borrower of a loan made under this part may change the borrower's selection of a repayment plan under subparagraph (B), as the case may be, under such conditions as may be prescribed by the Secretary in regulation.

(D) ACCELERATION PERMITTED.—Under any of the plans described in this paragraph, the borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part.

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall, be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency [as reimbursement under this subsection shall be equal to 98 percent] *as reimbursement for loans for which the*

first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998 shall be equal to 95 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. A guaranty agency shall file a claim for reimbursement with respect to losses under this subsection within 45 days after the guaranty agency discharges its insurance obligation on the loan.

(B) Notwithstanding subparagraph (A)—

(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to [88 percent of the amount of such excess] *85 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998*; and

(ii) if, for any fiscal year, the amount of such reimbursement payments exceeds 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to [78 percent of the amount of such excess]. *75 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998.*

* * * * * * *

(E) Notwithstanding any other provisions of this section, in the case of a loan made pursuant to a lender-of-last-resort program, the Secretary shall apply the provisions of—

(i) the fourth sentence of subparagraph (A) by substituting "100 percent" for ["98 percent"] *"95 percent"*;

(ii) subparagraph (B)(i) by substituting "100 percent" for ["88 percent"] *"85 percent"*; and

(iii) subparagraph (B)(ii) by substituting "100 percent" for ["78 percent"] *"75 percent"*.

(F) Notwithstanding any other provisions of this section, in the case of an outstanding loan transferred to a guaranty agency from another guaranty agency pursuant to a plan approved by the Secretary in response to the insolvency of the latter such guarantee agency, the Secretary shall apply the provision of—

(i) the fourth sentence of subparagraph (A) by substituting "100 percent" for ["98 percent"] *"95 percent"*;

(ii) subparagraph (B)(i) by substituting "90 percent" for ["88 percent"] *"85 percent"*; and

(iii) subparagraph (B)(ii) by substituting "80 percent" for "78 percent".

(G) Notwithstanding any other provision of this section, the Secretary shall exclude a loan made pursuant to a

lender-of-last-resort program when making reimbursement payment calculations under subparagraphs (B) and (C).

* * * * * * *

(3) FORBEARANCE.—A guaranty agreement under this subsection—

(A) shall contain provisions providing that—

(i) upon written *or electronic* request, a lender shall grant a borrower forbearance, renewable at 12-month intervals, on terms agreed to in writing by the parties to the loan with the approval of the insurer, and otherwise consistent with the regulations of the Secretary, if the borrower—

* * * * * * *

(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer; **[**and**]**

(C) shall contain provisions that specify that the form of forbearance granted by the lender for purposes of this paragraph shall be the temporary cessation of payments, unless the borrower selects forbearance in the form of an extension of time for making payments, or smaller payments than were previously scheduled**[**.**]***; and*

(D) shall contain provisions that specify that forbearance for a period not to exceed 60 days may be granted if the lender determines that such a suspension of collection activity is warranted following a borrower's request for forbearance in order to collect or process appropriate supporting documentation related to the request, and that during such period interest shall not be capitalized.

* * * * * * *

[(6) SECRETARY'S EQUITABLE SHARE.—(A) For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

[(i) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

(ii) an amount equal to 27 percent of such payments (subject to subparagraph (D) of this paragraph) for costs related to the student loan insurance program, including the administrative costs of collection of loans reimbursed under this subsection, the administrative costs of preclaims assistance for default prevention, the administrative costs of supplemental preclaims assistance for default prevention, and the administrative costs of monitoring the enrollment and payment status of students (as

such terms are defined in subparagraph (B) or (C) of this paragraph).

[(B) For the purpose of this paragraph and subsection (f) of this section, the term—

[(i) "administrative costs of collection of loans" means any administrative costs incurred by a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable;

[(ii) "administrative costs of preclaim assistance for default prevention" means any administrative costs incurred by a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the collection activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable; and

[(iii) "administrative costs of monitoring the enrollment and repayment status of students" means any administrative costs by a guaranty agency which are directly related to ascertaining the student's enrollment status, prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part,

subject to such additional criteria as the Secretary may by regulation prescribe.]

(6) SECRETARY'S EQUITABLE SHARE.—For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

(A) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

(B) an amount equal to 24 percent of such payments for use in accordance with section 422B.

* * * * * * *

(8) ASSIGNMENT TO PROTECT FEDERAL FISCAL INTEREST.—[(A) If] *If* the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.

[(B) An orderly transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title shall be deemed to be in the Federal fiscal interest, and a guaranty agency shall promptly assign loans to the Secretary under this paragraph upon the Secretary's request.]

(9) GUARANTY AGENCY RESERVE LEVEL.—(A) Each guaranty agency which has entered into an agreement with the Secretary pursuant to this subsection shall [maintain a current minimum reserve level of at least .5 percent] *maintain in the agency's Federal Student Loan Reserve Fund established under section 422A a current minimum reserve level of at least 0.25 percent* of the total attributable amount of all outstanding loans guaranteed by such agency. For purposes of this paragraph, such total attributable amount does not include amounts of outstanding loans transferred to the guaranty agency from another guaranty agency pursuant to a plan of the Secretary in response to the insolvency of the latter such guaranty agency.

* * * * * * *

(C) If (i) any guaranty agency falls below the required minimum reserve level in any 2 consecutive years, (ii) any guaranty agency's Federal reimbursement payments are reduced to [80 percent] *78 percent* pursuant to section 428(c)(1)(B)(ii), or (iii) the Secretary determines that the administrative or financial condition of a guaranty agency jeopardizes such agency's continued ability to perform its responsibilities under its guaranty agreement, then the Secretary shall require[, as appropriate,] the guaranty agency to submit and implement a management plan acceptable to the Secretary within [30 working] *45 working* days of any such event.

* * * * * * *

(E) The Secretary may terminate a guaranty agency's agreement in accordance with subparagraph (F) if— * * *

(iv) the Secretary determines that such action is necessary to protect the Federal fiscal interest; *or*

(v) the Secretary determines that such action is necessary to ensure the continued availability of loans to student or parent borrowers[; or].

[(vi) the Secretary determines that such action is necessary to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part D of this title.]

* * * * * * *

[(vii) take any other action the Secretary determines necessary to ensure the continued availability of loans

made under this part to residents of the State or States in which the guaranty agency did business, the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency, to avoid disruption of the student loan program, and to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part D of this title.]

(vii) take any other action the Secretary determines necessary to avoid disruption of the student loan program, to ensure the continued availability of loans made under this part to residents of each State in which the guaranty agency did business, to ensure the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and to ensure the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency.

* * * * * * *

(K) The Secretary, within 3 months after the end of each fiscal year, shall submit to the House Committee on Education and Labor and the Senate Committee on Labor and Human Resources a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system [and the progress of the transition from the loan programs under this part to the direct student loan programs under part D of this title].

* * * * * * *

[(e) PAYMENTS FOR LENDER REFERRAL SERVICES.—

[(1) IN GENERAL; AGREEMENTS WITH GUARANTY AGENCIES.—(A) The Secretary shall make payments in accordance with this paragraph to a guaranty agency with which the Secretary has an agreement under subparagraph (B) which provides a lender referral service for students who meet the requirements of paragraph (2).

[(B)(i) The Secretary may enter into agreements with guaranty agencies that meet standards established by the Secretary to provide lender referral services in geographic areas specified by the Secretary. Such guaranty agencies shall be paid in accordance with paragraph (3) for such services.

[((ii) The Secretary shall publish in the Federal Register whatever standards, criteria, and procedures, consistent with the provisions of this part and part D of this title, the Secretary determines are reasonable and necessary to provide lender referral services under this subsection and ensure loan access to student and parent borrowers during the transition from the loan programs under this part to the direct student loan programs under part D of this title. Section 431 of the General Education Provisions Act shall not apply to the publication of such standards, criteria, and procedures.

[(2) STUDENT ELIGIBILITY.—A student is eligible to apply for lender referral services to a guaranty agency with which the Secretary has an agreement under paragraph (1)(B) if—

[(A) such student is either a resident of, or is accepted for enrollment in, or is attending, an eligible institution located in a geographic area for which the Secretary (i) determines that loans are not available to all eligible students, and (ii) has entered into an agreement with a guaranty agency under paragraph (1)(B) to provide lender referral services; and

[(B) such student has sought and was unable to find a lender willing to make a loan under this part.

[(3) AMOUNT OF PAYMENT.—From funds available for costs of transition under section 458 of the Act, the amount which the Secretary shall pay to any eligible guaranty agency under this paragraph shall be equal to one-half of 1 percent of the total principal amount of the loans (upon which insurance was issued under this part) to a student described in paragraph (2) who subsequently obtained such loans because of such agency's referral service.

[(4) INCENTIVE FEES TO LENDERS.—Nothing in this or any law shall prohibit an agency from using all or any portion of the funds received under this part for the payment of incentive fees to lenders who agree to participate in a lender referral service.

[(f) PAYMENTS OF CERTAIN COSTS.—

[(1) PAYMENTS BASED ON INSURANCE PROGRAM AGREEMENT.—(A) For a fiscal year prior to fiscal year 1994, the Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency for the purposes of—

[(i) the administrative cost of promotion of eligible lender participation;

[(ii) the administrative costs of collection of loans;

[(iii) the administrative costs of preclaims assistance for default prevention;

[((iv) the administrative costs of monitoring the enrollment and repayment status of students; or

[(v) other such costs related to the student loan insurance program subject to such agreement.

[(B) The total amount of payments for any fiscal year prior to fiscal year 1994 made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon which insurance was issued under this part during such fiscal year by such guaranty agency. The guaranty agency shall, be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

[(C) No payment may be made under this paragraph for loans for which the disbursement checks have not been cashed or for which electronic funds transfers have not been completed.

[(2) APPLICATIONS FOR PAYMENTS.—No payment may be made under paragraph (1) of this subsection unless the guaranty agency submits to the Secretary an application at such time, at least annually, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

[(A) set forth assurances that the student loan insurance program subject to the guaranty agreement complies with subparagraphs (A)< 9(B), (G), (R), (S), (T), and (U) of subsection (b)(1);

[(B) contain provisions designed to demonstrate the capability of carrying out a necessary and successful program of collection of and preclaim assistance for the loan program subject to that agreement;

[(C) set forth an estimate of the costs which are eligible for payment under the provisions of this subsection;

[(D) provide for such administrative and fiscal procedures, including an audit, as are necessary to carry out the provisions of this subsection; and

[(E) set forth assurances that the guaranty agency will furnish such data and information, including where necessary estimates, as the Secretary may reasonably require, to carry out the provisions of this subsection.]

(f) PAYMENTS OF CERTAIN COSTS.—

(1) PAYMENT FOR CERTAIN ACTIVITIES.—

(A) IN GENERAL.—The Secretary, for loans originated on or after October 1, 1998, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

(B) PAYMENT.—The payment required by subparagraph (A) shall be paid on a quarterly basis. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefore under this subparagraph.

* * * * * * *

(j) LENDERS-OF-LAST RESORT.—

(1) GENERAL REQUIREMENTS.— * * *

* * * * * * *

(3) ADVANCES TO GUARANTY AGENCIES FOR LENDER-OF-LAST-RESORT SERVICES [DURING TRANSITION TO DIRECT LENDING].—(A) In order to ensure the availability of loan capital [during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title], the Secretary is authorized to provide a guaranty agency with additional advance funds in accordance with section 422(c)(7), with such restrictions on the use of such funds as are determined appropriate by the Sec-

retary, in order to ensure that the guaranty agency will make loans as the lender-of-last-resort. Such agency shall make such loans in accordance with this subsection and the requirements of the Secretary.

* * * * * * *

[(1) PRECLAIMS ASSISTANCE AND SUPPLEMENTAL PRECLAIMS ASSISTANCE.—

[(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in preclaims assistance activities (as described in subsection (c)(6)(C)(i)(I)) and supplemental preclaims assistance activities (as described in subsection (c)(6)(C)) with respect to each loan covered by such agreement.

[(2) PAYMENTS FOR SUPPLEMENTAL PRECLAIMS ASSISTANCE.—The Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency that engages in supplemental preclaims assistance (as defined in subsection (c)(6)(C)) on a loan guaranteed under this part. For each loan on which such assistance is performed and for which a default claim is not presented to the guaranty agency by the lender on or before the 150th day after the loan becomes 120 days delinquent, such payment shall be equal to one percent of the total of the unpaid principal and the accrued unpaid interest of the loan.]

"(l) DEFAULT AVERSION ASSISTANCE.—

"(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender not earlier than the 60th nor later than the 90th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

"(2) DEFAULT PREVENTION FEE REQUIRED.—

"(A) IN GENERAL.—A guaranty agency, in accordance with the provisions of this paragraph, may transfer from the Federal Student Loan Reserve Fund to the Agency Operating Fund a default prevention fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 210th day after the loan becomes 60 days delinquent.

"(B) AMOUNT.—The default prevention fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan calculated at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 24 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection not more frequently than monthly.

"(C) DEFINITION OF CURRENT REPAYMENT STATUS.—For the purpose of this paragraph, the term "current repayment status" means that the borrower is not delinquent, in any respect, in the payment of principal and interest on the

loan at the time the guaranty agency qualifies for the default prevention fee.".

* * * * * * *

[(n) STATE SHARE OF DEFAULT COSTS.—

[(1) IN GENERAL.—In the case of any State in which there are located any institutions of higher education that have a cohort default rate that exceeds 20 percent, such State shall pay to the Secretary an amount equal to—

[(A) the new loan volume attributable to all institutions in the State for the current fiscal year; multiplied by

[(B) the percentage specified in paragraph (2); multiplied by

[(C) the quotient of—

[(i) the sum of the amounts calculated under paragraph (3) for each sum institution in the State; divided by

[(ii) the total amount of loan volume attributable to current and former students of institutions located in that State entering repayment in the period used to calculate the cohort default rate.

[(2) PERCENTAGE.—For purposes of paragraph (1)(B), the percentage used shall be—

[(A) 12.5 percent for fiscal year 1995;

[(B) 20 percent for fiscal year 1996; and

[(C) percent for fiscal year 1997 and succeeding fiscal years.

[(3) CALCULATION.—For purposes of paragraph (1)(C)(i), the amount shall be determined by calculating for each institution the amount by which—

[(A) the amount of the loans received for attendance by such institution's current and former students who (i) enter repayment during the fiscal year used for the calculation of the cohort default rate, and (ii) default before the end of the following fiscal year; exceeds

[(B) 20 percent of the loans received for attendance by all the current and former students who enter repayment during the fiscal year used for the calculation of the cohort default rate.

[(4) FEE.—A State may charge a fee to an institution of higher education that participates in the program under this part and is located in that State according to a fee structure, approved by the Secretary, that is based on the institution's cohort default rate and the State's risk of loss under this subsection. Such fee structure shall include a process by which an institution with a high cohort default rate is exempt from any fees under this paragraph if such institution demonstrates to the satisfaction of the State that exceptional mitigating circumstances, as determined by the State and approved by the Secretary, contributed to its cohort default rate.]

SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

(a) VOLUNTARY AGREEMENTS.—

(1) AUTHORITY.—The Secretary may enter into a voluntary, flexible agreement, subject to paragraph (2), with guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement under such subsections, except that the Secretary may not waive any statutory requirement pertaining to the terms and conditions attached to student loans, default claim payments made to lenders, or the prohibitions on inducements contained in section 428(b)(3).

(2) ELIGIBILITY.—During fiscal years 1999, 2000, and 2001, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies that had 1 or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of the Higher Education Amendments of 1998. Beginning in fiscal year 2002, any guaranty agency or consortium thereof may enter into a similar agreement with the Secretary.

(3) REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

(A) a description of each voluntary flexible agreement and the performance goals established by the Secretary for each agreement;

(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

(C) a description of the standards by which each agency's performance under the agency's voluntary flexible agreement was assessed and the degree to which each agency achieved the performance standards; and

(D) an analysis of the fees paid by the Secretary, and the costs and efficiencies achieved under each voluntary agreement.

(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

(1) shall be developed by the Secretary, in consultation with the guaranty agency, on a case-by case basis;

(2) may be secured by the parties;

(3) may include provisions—

(A) specifying the responsibilities of the guaranty agency under the agreement, such as—

(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

(ii) monitoring insurance commitments made under this part;

(iii) default aversion activities;

(iv) review of default claims made by lenders;

(v) payment of default claims;

(vi) collection of defaulted loans;

(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

(ix) monitoring of institutions and lenders participating in the program under this part;

(x) the performance of other program functions by the guaranty agency or the agency's affiliates; and

(xi) informational outreach to schools and students in support of access to higher education;

(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

(D) regarding the standards by which the guaranty agency's performance of the agency's responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on one or more performance standards;

(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of the agency's expiration date;

(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part; and

(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement.

(c) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, and including the guaranty agency's compliance with reserve requirements under sections 422 and 428.

SEC. 428B. FEDERAL PLUS LOANS.

[(a) AUTHORITY TO BORROW.—Parents of a dependent student, who do not have an adverse credit history as determined pursuant to regulations of the Secretary, shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c), (d), and (e), such loans shall have the same terms, conditions, and benefits as all other loans made under this part. Whenever necessary to carry out the provisions of this section, the terms "student" and "borrower" as used in this part shall include a parent borrower under this section.]

(a) AUTHORITY TO BORROW.—

(1) AUTHORITY AND ELIGIBILITY.—Parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

(A) the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; and

(B) the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

(2) TERMS, CONDITIONS, AND BENEFITS.—Except as provided in subsections (c), (d), and (e), loans made under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

(3) SPECIAL RULE.—Whenever necessary to carry out the provisions of this section, the terms "student" and "borrower" as used in this part shall include a parent borrower under this section.

* * * * * * *

(d) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) COMMENCEMENT OF REPAYMENT.—* * *

* * * * * * *

(4) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in [section 427A(c)] *section 427A(a)*(3).

* * * * * * *

(f) VERIFICATION OF IMMIGRATION STATUS AND SOCIAL SECURITY NUMBER.—A parent who wishes to borrow funds under this section shall be subject to verification of the parent's—

(1) immigration status in the same manner as immigration status is verified for students under section 484(g); and

(2) social security number in the same manner as social security numbers are verified for students under section 484(p).

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) AGREEMENT REQUIRED FOR INSURANCE COVERAGE.—* * *

* * * * * * *

(3) DEFINITION OF ELIGIBLE BORROWERS.—[(A) For the purpose of this section, the term "eligible borrower" means a borrower who, at the time of application for a consolidation loan

is in repayment status, or in a grace period preceding repayment, or is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.]

(A) For the purpose of this section, the term eligible borrower means a borrower who—

(i) is not subject to a judgment secured through litigation or an order for wage garnishment under section 488A; or

(ii) at the time of application for a consolidation loan—

(I) is in repayment status;

(II) is in a grace period preceding repayment; or

(III) is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.

(B)(i) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section, except—

(I) with respect to eligible student loans received after the date of receipt of the consolidation loan; [and]

(II) with respect to eligible student loans received prior to the date of consolidation that the borrower may wish to include with eligible loans specified in subclause (I) in a later consolidation loan; and

[(II) that loans] *with respect to loans* received prior to the date of the consolidation loan *that* may be added to the consolidation loan during the 180-day period following the making of the consolidation loan.

* * * * * * *

SEC. 428F. DEFAULT REDUCTION PROGRAM.

(a) OTHER REPAYMENT INCENTIVES.—

* * * * * * *

(b) [SPECIAL RULE] *SATISFACTORY REPAYMENT ARRANGEMENTS TO RENEW ELIGIBILITY*.—Each guaranty agency shall establish a program which allows a borrower with a defaulted loan or loans to renew eligibility for all title IV student financial assistance (regardless of whether the defaulted loan has been sold to an eligible lender) upon the borrower's payment of 6 consecutive monthly payments. The guaranty agency shall not demand from a borrower as a monthly payment amount under this subsection more than is reasonable and affordable based upon the borrower's total financial circumstances. A borrower may only obtain the benefit of this subsection with respect to renewed eligibility once.

SEC. 428g. REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS.

(a) MULTIPLE DISBURSEMENT REQUIRED.—

(1) TWO DISBURSEMENTS REQUIRED.—[The proceeds] *Except for a loan made for the final period of enrollment, that is less than an academic year, in a student's baccalaureate program of study, at an institution with a cohort default rate (as calculated*

under section 435(m)) that is 5 percent or less, the proceed; of any loan made, insured, or guaranteed under this part that is made for any period of enrollment shall be disbursed in 2 or more installments, none of which exceeds one-half of the loan.

* * * * * * *

(b) DISBURSEMENT AND ENDORSEMENT REQUIREMENTS.—

(1) FIRST YEAR STUDENTS.—[The first] *Except for a loan made to a student borrower entering an institution with a cohort default rate (as calculated under section 435(m)) of less than 5 percent, the first* installment of the proceeds of any loan made, insured, or guaranteed under this part that is made to a student borrower who is entering the first year of a program of undergraduate education, and who has not previously obtained a loan under this part, shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until 30 days after the borrower begins a course of study, but may be delivered to the eligible institution prior to the end of that 30-day period.

* * * * * * *

SEC. 428h. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

(a) IN GENERAL.—* * *

* * * * * * *

[(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan. Such student shall provide to the lender a statement from the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, which—

[(1) sets forth such student's estimated cost of attendance (as determined under section 472);

[(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428; and

[(3) certifies the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c).]

(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 472) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 428; and

(2) provided the lender a statement—

(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

* * * * * * *

(d) LOAN LIMITS.—

(1) IN GENERAL.— Except as provided in paragraphs (2) and (3), the annual and aggregate limits for loans under this section shall be the same as those established under section 428(b)(1), less any amount receive by such student pursuant to the subsidized loan program established under section 428.

(2) ANNUAL LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.—The maximum annual amount of loans under this section an independent student (or a student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year*, as defined in section 481(d)(2)* or its equivalent ❚or in any period of 7 consecutive months, whichever is longer,❚ shall be the amount determined under paragraph (1) plus—

* * * * * * *

(C) in the case of such a student who is a graduate or professional student attending an eligible institution, $10,000; *and*

(D) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

(i) $4,000 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,000 for coursework necessary for enrollment in a graduate or professional program; and

(ii) $5,000 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;

* * * * * * *

(3) AGGREGATE LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.—The maximum aggregate amount of loans under this section a student described in paragraph (2) may borrow shall be the amount described in paragraph (1), adjusted to reflect the increased annual limits described in paragraph (2), as prescribed by the Secretary by regulation. *The maximum aggregate amount shall not include interest capitalized from an in-school period.*

(e) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) COMMENCEMENT OF REPAYMENT.—* * *

* * * * * * *

(6) REPAYMENT PERIOD.—For purposes of calculating the ❚10-year repayment period under section 428(b)(1)(D)❚ *repayment period under section 428(b)(9)*, such period shall commence at

the time the first payment of principal is due from the borrower.

* * * * * * *

[SEC. 428J. LOAN FORGIVENESS FOR TEACHERS, INDIVIDUALS PERFORMING NATIONAL COMMUNITY SERVICE AND NURSES.

[(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to—

[(1) enter the teaching and nursing profession; and

[(2) perform national and community service.

[(b) DEMONSTRATION PROGRAM.—

[(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, is authorized to carry out a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under this part (excluding loans made under section 428A, 428B, or 428C) for any new borrower after October 1, 1989, who—

[(A) is employed as a full-time teacher—

[(i) in a school which qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

[(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other fields of expertise where the State educational agency determines there is a shortage of qualified teachers;

[(B) serves as a full-time volunteer under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, if the borrower does not receive compensation which exceeds the greater of—

[(i) the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938; or

[(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act); or

[(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a native Hawaiian health center or in an acute care or long-term care facility.

[(2) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

[(c) LOAN REPAYMENT.—

[(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

[(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second year of service in which such borrower meets the requirements described in subsection (a);

[(B) 20 percent of such total amount for such third or fourth year of service; and

[(C) 30 percent of such total amount for such fifth year of service

[(2) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

[(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

[(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years in returning to an institution of higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

[(5) INELIGIBILITY OF NATIONAL SERVICE EDUCATIONAL AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

[(d) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

[(e) APPLICATION FOR REPAYMENT.—

[(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

[(2) CONDITIONS.—An eligible individual may apply for repayment after completing each year of qualifying service. The borrower shall receive forbearance while engaged in qualifying service unless the borrower is in deferment while so engaged.

[(f) DEFINITIONS.—For the purpose of this section the term "eligible lender" has the same meaning given such term in section 435(d).

[(g) EVALUATION.—

[(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

[(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

[(3) CONTENTS.—The evaluation described in this section shall—

[(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

[(B) assess whether a significant number of students perform the service described in section (b) or opt to repay the loans instead of remaining in the career for which such student received loan repayment under this section;

[(C) identify the barriers to the effectiveness of the program assisted under this section;

[(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program;

[(E) identify the reasons for which participants in the program have chosen to take part in such program; and

[(F) identify other areas of community service or employment which may serve as appropriate methods of loan repayment.

[(4) INTERIM EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit a final report by January 1, 1997.

[(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program, through the holder of the loan, of assuming the obligation to repay a loan made under section 428 that is eligible for interest subsidy, for any new borrower on or after the date of enactment of the Higher Education Amendments of 1998, who—

(1) has been employed as a full-time teacher for 3 consecutive complete school years—

(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; and

(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the

chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

(2) is not in default on a loan for which the borrower seeks forgiveness.

(c) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

(d) LOAN REPAYMENT DURING CONTINUING TEACHING SERVICE.—

(1) IN GENERAL.—The Secretary shall assume the obligation to repay through reimbursement to the holder—

(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

(C) a total amount for any borrower that shall not exceed $10,000.

(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

(e) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

(f) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).

SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

(a) DEFINITIONS.—In this section:

(1) CHILD CARE FACILITY.—The term "child care facility" means a facility, including a home, that—

(A) provides child care services; and

(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

(2) CHILD CARE SERVICES.—The term "child care services" means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.

(3) DEGREE.—The term "degree" means an associate's or bachelor's degree awarded by an institution of higher education.

(4) EARLY CHILDHOOD EDUCATION.—The term "early childhood education" means education in the areas of early child education, child care, or any other educational area related to child care that the Secretary determines appropriate.

(5) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201.

(b) DEMONSTRATION PROGRAM.—

(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (c), a loan made, insured or guaranteed under this part or part D (excluding loans made under sections 428B and 428C) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

(A) completes a degree in early childhood education;

(B) obtains employment in a child care facility; and

(C) is working full-time and is earning an amount which does not exceed the greater of an amount equal to 100 percent of the poverty line for a family of 2 as determined in accordance with section 673(2) of the Community Services Block Grant Act.

(2) AWARD BASIS; PRIORITY.—

(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

(3) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

(c) LOAN REPAYMENT.—

(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

(A) after the second year of employment described in subparagraphs (B) and (C) of subsection (b)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

(B) after the third year of such employment, 20 percent of the total amount of all such loans; and

(C) after each of the fourth and fifth years of such employment, 30 percent of the total amount of all such loans.

(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount

of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

(5) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

(d) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

(e) APPLICATION FOR REPAYMENT.—

(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in qualifying employment unless the borrower is in deferment while so engaged.

(f) EVALUATION.—

(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

(2) COMPETITIVE BASIS.—The grant or contract described in subsection (a) shall be awarded on a competitive basis.

(3) CONTENTS.—The evaluation described in this subsection shall—

(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

(C) identify the barriers to the effectiveness of the program;

(D) assess the cost-effectiveness of the program in improving the quality of—

(i) early childhood education; and

(ii) child care services;

(E) identify the reasons why participants in the program have chosen to take part in the program;

(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

(G) identify the number of years each individual participates in the program.

(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.

(a) GENERAL POWERS.— * * *

* * * * * * *

(m) COMMON FORMS AND FORMATS.—

(1) COMMON GUARANTEED STUDENT LOAN APPLICATION FORM AND PROMISSORY NOTE.—

(A) IN GENERAL.—The Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, and organizations involved in student financial assistance, shall prescribe [a common application form and promissory note] *common application forms and promissory notes,* or multiyear promissory notes, to be used for applying for loans under part B of this title.

* * * * * * *

[(C) APPROVAL OF FORM.—The Secretary shall approve a form for use not later than 360 days after the date of enactment of the Higher Education Amendments of 1992.]

[(D)] *(C)* SPECIAL RULE.—Nothing in this section shall be construed to limit the development of electronic *application and other* forms and procedures. *Guaranty agencies, borrowers, and lenders may use electronically printed versions of common forms approved for use by the Secretary.*

* * * * * * *

SEC. 438. SPECIAL ALLOWANCES.

(a) FINDINGS.—* * *

* * * * * * *

(b) COMPUTATION AND PAYMENT.—* * *

* * * * * * *

(ii) [In the case] *Subject to subparagraph (F), in the case* of loans disbursed on or after October 1, 1992, pursuant to section 428A or 428B for which the interest rate is determined under section 427A(c)(4), a special allowance shall not be paid unless the rate determined for any 12-month period under section 427A(c)(4)(B) exceeds—

* * * * * * *

[(F) Subject to paragraph (4), the special allowance paid pursuant to this subsection on loans for which the applicable rate of interest is determined under section 427A(h) shall be com-

puted (i) by determining the applicable bond equivalent rate of the security with a comparable maturity, as established by the Secretary, (ii) by subtracting the applicable interest rates on such loans from such applicable bond equivalent rate, (iii) by adding 1.0 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. If such computation produces a number less than zero, such loans shall be subject to section 427A(f).]

(F) LOANS DISBURSED AFTER JULY 1, 1998.—

(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after July 1, 1998, shall be computed—

(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

(III) by adding 2.8 percent to the resultant percent; and

(IV) by dividing the resultant percent by 4.

(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(2), clause (i)(III) of this subparagraph shall be applied by substituting "2.2 percent" for "2.8 percent".

(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(3), clause (i)(III) of this subparagraph shall be applied by substituting "3.1 percent" for "2.8 percent", subject to clause (iv) of this subparagraph.

(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after July 1, 1998, for which the interest rate is determined under section 427A(a)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(a)(3) exceeds 9 percent.

* * * * * * *

PART H—PROGRAM INTEGRITY TRIAD

[Subpart 1 repealed]

Subpart [2]*1—Accrediting Agency Approval*

* * * * * * *

Subpart [3]*2—Eligibility and Certification Procedures*

* * * * * * *

SEC. 432. [20 U.S.C. 1082] LEGAL POWERS AND RESPONSIBILITIES.

(a) GENERAL POWERS.—* * *

* * * * * * *

(D) any Authority [required to file a plan for doing business under section 438(d)] *that meets the requirements of section 438(e).*

* * * * * * *

SEC. 433. [20 U.S.C. 1083] STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

[(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosure shall include—]

(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan that is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender by written or electronic means, including as part of the application material provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. Each lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. The disclosure shall include—

* * * * * * *

[(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—]

(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower by written or electronic means the information required under this subsection. Each eligible lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30

days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—

* * * * * * *

SEC. 435. [20 U.S.C. 1085] DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

As used in this part:

(A) ELIGIBLE INSTITUTION.—

(1) IN GENERAL.—* * *

* * * * * * *

(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances that would make the application of this paragraph inequitable.

During such appeal, the Secretary may permit the institution to continue to participate in a program under this part. *If an institution continues to participate in a program under this part, and the institution's appeal of the loss of eligibility is unsuccessful, the institution shall be required to pay to the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or which the Secretary is obligated to make) with respect to loans made under this part to students attending, or planning to attend, that institution during the pendency of such appeal. In order to continue to participate during an appeal under this paragraph, the institution shall provide a letter of credit in favor of the Secretary or other third-party financial guarantees satisfactory to the Secretary in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability on such loans under the preceding sentence.*

* * * * * * *

[(C) Until July 1, 1998, this paragraph shall not apply to any institution that is—

[(i) a part B institution within the meaning of section 322(2) of this Act;

[(ii) a tribally controlled community college within the meaning of section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978; or

[(iii) a Navajo Community College under the Navajo Community College Act.**]**

(C)(i) This paragraph shall not apply to any institution described in clause (ii), and any such institution that exceeds the threshold percentage in subparagraph (A)(ii) for 2 consecutive years shall submit to the Secretary a default management plan satisfactory to the Secretary and containing criteria designed, in accordance with the regulations of the Secretary, to demonstrate continuous improvement by the institution in the institution's cohort default rate. If the institution fails to submit the required plan, or to satisfy the criteria in the plan, the institution shall be subject to a loss of eligibility in accordance with this paragraph, except as the Secretary may otherwise specify in regulations.

(ii) An institution referred to in clause (i) is—

(I) a part B institution within the meaning of section 322(2);

(II) a Tribally Controlled College or University within the meaning of section 2(a)(4) of the Tribally Controlled College or University Assistance Act of 1978; or

(III) a Navajo Community College under the Navajo Community College Act.

* * * * * * *

may include in its appeal of such loss or rate a defense based on improper loan servicing (in addition to other defenses). In any such appeal, the Secretary shall take whatever steps are necessary to ensure that such institution has access *for a reasonable period of time, not to exceed 30 days,* to a representative sample (as determined by the Secretary) of the relevant loan servicing and collection records ⟦of the affected guaranty agencies and loan servicers for a reasonable period of time, not to exceed 30 days⟧ *used by a guaranty agency in determining whether to pay a claim on a defaulted loan*. The Secretary shall reduce the institution's cohort default rate to reflect the percentage of defaulted loans in the representative sample that are required to be excluded pursuant to subsection (m)(1)(B).

(4) PARTICIPATION RATE INDEX.—

(A) IN GENERAL.—An institution that demonstrates to the Secretary that the institution's participation rate index is equal to or less than 0.0375 for any of the 3 applicable participation rate indices shall not be subject to paragraph (2). The participation rate index shall be determined by multiplying the institution's cohort default rate for loans under part B or D, or weighted average cohort rate for loans under parts B and D, by the percentage of the institution's regular students, enrolled on at least a half-time basis, who received a loan made under part B or D for a 12-month period ending during the 6 months immediately preceding the fiscal year for which the cohort of borrowers used to calculate the institution's cohort default rate is determined.

(B) DATA.—An institution shall provide the Secretary with sufficient data to determine the institution's participation rate index within 30 days after receiving an initial notification of the institution's draft cohort default rate.

(C) NOTIFICATION.—Prior to publication of a final cohort default rate for an institution that provides the data described in subparagraph (B), the Secretary shall notify the institution of the institution's compliance or noncompliance with subparagraph (A).

(d) * * *

* * * * * * *

(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless (I) it is a bank which is wholly owned by a State, or a bank which is subject

to examination and supervision by an agency of the United States, makes student loans as a trustee pursuant to an express trust, operated as a lender under this part prior to January 1, 1975, and which meets the requirements of this provision prior to the enactment of the Higher Education Amendments of 1992, [or] (II) it is a single wholly owned subsidiary of a bank holding company which does not have as its primary consumer credit function the making or holding of loans made to students under this part*, or (III) it is a bank (as defined in section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)(1)) that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(1) of such Code, and the bank makes loans under this part only to undergraduate students who are age 22 or younger and has a portfolio of such loans that is not more than $5,000,000*;

* * * * * * *

(m) * * *

* * * * * * *

(B) In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for [insurance, and in considering appeals with respect to cohort default rates pursuant to subsection (a)(3), exclude] *insurance. In considering appeals with respect to cohort default rates pursuant to subsection (a)(3), the Secretary shall exclude, from the calculation of the number of students who entered repayment and from the calculation of the number of students who default,* any loans which, due to improper servicing or collection, would, as demonstrated by the evidence submitted in support of the institution's timely appeal to the Secretary, result in an inaccurate or incomplete calculation of such cohort default rate.

* * * * * * *

[SEC. 436. [20 U.S.C. 1086] DISTRICT OF COLUMBIA STUDENT LOAN INSURANCE PROGRAM.

[(a) AUTHORITY.—The government of the District of Columbia is authorized (1) to establish a student loan insurance program which meets the requirements of this part for a State loan insurance program in order to enter into agreements with the Secretary for the purposes of this title, (2) to enter into such agreements with the Secretary, (3) to use amounts appropriated for the purposes of this section to establish a fund for such purposes and for expenses in connection therewith, and (4) to accept and use donations for the purposes of this section.

[(b) BINDING EFFECT ON MINORS.—Notwithstanding the provisions of any applicable law, if the borrower, on any loan insured under the program established pursuant to this section, is a minor,

any otherwise valid vote or other written agreement executed by him for the purposes of such loan shall create a binding obligation.

[(c) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated such amounts as may be necessary for the purposes of this section.]

SEC. 436. DELEGATION OF FUNCTIONS.

(a) IN GENERAL.—An eligible lender or guaranty agency that contracts with another entity to perform any of the lender's or agency's functions under this title, or otherwise delegates the performance of such functions to such other entity—

(1) shall not be relieved of the lender's or agency's duty to comply with the requirements of this title; and

(2) shall monitor the activities of such other entity for compliance with such requirements.

(b) SPECIAL RULE.—A lender that holds a loan made under part B in the lender's capacity as a trustee is responsible for complying with all statutory and regulatory requirements imposed on any other holder of a loan made under this part.

* * * * * * *

SEC. 438. [20 U.S.C. 1087–1] SPECIAL ALLOWANCES.

(a) FINDINGS.—* * *

* * * * * * *

[(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—Notwithstanding subsection (b), the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder shall be reduced by the Secretary by the amount which the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.]

(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—(A) Notwithstanding subsection (b), the Secretary shall collect the amount the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection—

(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder; or

(ii) directly from the holder of the loan, if the lender fails or is not required to bill the Secretary for interest and special allowance or withdraws from the program with unpaid loan origination fees.

(B) If the Secretary collects the origination fee under this subsection through the reduction of interest and special allowance, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to

charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

* * * * * * *

[(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—Notwithstanding subsection (b), the Secretary shall reduce the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder of a loan by a loan fee in an amount determined in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount of such loan fee, then the Secretary shall deduct such excess amount from subsequent quarters' payments until the total amount has been deducted.]

(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—

(A) IN GENERAL.—Notwithstanding subsection (b), the Secretary shall collect a loan fee in an amount determined in accordance with paragraph (2)—

(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, to any holder of a loan; or

(ii) directly from the holder of the loan, if the lender—

(I) fails or is not required to bill the Secretary for interest and special allowance payments; or

(II) withdraws from the program with unpaid loan fees.

(B) SPECIAL RULE.—If the Secretary collects loan fees under this subsection through the reduction of interest and special allowance payments, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, is less than the amount of such loan fees, then the Secretary shall deduct the amount of the loan fee balance from the amount of interest and special allowance payments that would otherwise be payable, in subsequent quarterly increments until the balance has been deducted.

* * * * * * *

(e) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—

[(1) PLAN FOR DOING BUSINESS REQUIRED.—In order for the holders of loans any portion of which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1986, to be eligible to receive a special allowance under subsection (b)(2) of this section, the Authority shall submit to the Governor of the State, and to the guaranty agency determined by the Secretary to be the principal guaranty agency for the State, a plan for doing business. The Governor shall, after consultation with the guaranty agency, approve or disapprove the plan within 30 days of the

receipt of the proposed plan from the Authority. Such plan shall also be transmitted to the Secretary within 60 days after approval.

[(2) CONTENTS OF PLAN.—Each such plan shall contain provisions designed to assure that—

[(A) no eligible lender in the area served by the Authority will be excluded from participation in the program of the Authority and all eligible lenders may participate in the program on the same terms and conditions if eligible lenders are going to participate in the program;

[(B) no director or staff member of the Authority who receives compensation from the Authority may own stock in, or receive compensation from, any agency that would contract to serve and collect the loans of the Authority;

[(C) student loans will not be purchased from participating lenders at a premium amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

[(D) the Authority will, within the limit of funds available and subject to the applicable State and Federal law, make loans to, or purchase loans incurred by, all eligible students who are residents of, or who attend an eligible institution within, the area served by the Authority;

[(E) the Authority has a plan under which the Authority will pursue the development of new lender participation in a continuing program of benefits to students together with assurances of existing lender commitments to the program; and

[(F) there will be an annual audit of the Authority by a certified public accounting firm which will include review of compliance by the Authority with the provisions of the plan.]

[(3)] *(1)* NONDISCRIMINATION.—In order for the holders of loans which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1986, to be eligible to receive a special allowance under subsection (b)(2) of this section on any such loans, the Authority shall not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the Authority, length of the borrower's educational program, or the borrower's academic year in school.

[(4)] *(2)* REPORT BY THE SECRETARY.—The Secretary shall, no later than September 30, 1988, and each succeeding September 30th, submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate specifying—

(A) the amount of student loan credit provided through the use of tax-exempt obligations for the most recent fiscal year;

(B) an assessment of the impact of the availability of such financing on the availability of student credit in the areas served by the authorities issuing such obligations;

(C) an assessment of the need for additional tax-exempt financing for student credit for the next fiscal year; and

(D) any other information determined by the Secretary to be relevant to the purposes of the report.

* * * * * * *

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. [42 U.S.C. 2751] PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) PURPOSE.— * * *

* * * * * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part, [$800,000,0000 for fiscal year 1993] *$900,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(1) such fields as health care, child care, *(including child services provided on campus)* literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, and community improvement;

* * * * * * *

(3) support services to students with disabilities*, including students with disabilities who are enrolled at the institution*; and

* * * * * * *

SEC. 443. [42 U.S.C. 2753] GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.

(a) AGREEMENTS REQUIRED.— * * *

* * * * * * *

(1) provide for the operation by the institution of a program for the part-time employment*, including internships or research assistanceships as determined by the Secretary,* of its students in work for the institution itself, work in community service or work in the public interest for a Federal, State, or local public agency or private nonprofit organization under an arrangement between the institution and such agency or organization, and such work—

* * * * * * *

[(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that—

[(A) if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (i) attending the institution less than full time, or (ii) independent students; and

[(B) if the total financial need of all such less than full-time and independent students at the institution exceeds 5 percent of the total financial need of all students at such institution,

then at least 5 percent of the grant shall be made available to such less than full-time and independent students;]

(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title and meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution on less than a full-time basis, or (B) independent students, a reasonable portion of the allocation shall be made available to such students;

* * * * * * *

(5) [provide that] *(A) provide that* the Federal share of the compensation of students employed in the work-study program in accordance with the agreement shall not exceed 75 percent for academic year [1993–1994] *1999–2000* and succeeding academic years, except that the Federal share may exceed such amounts of compensation if the Secretary determines, pursuant to regulations promulgated by the Secretary establishing objective criteria for such determinations, that a Federal share in excess of such amounts is required in furtherance of the purpose of this part; *and*

(B) provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent;

(6) include provisions to make employment under such work-study program reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof, and make equivalent employment offered or arranged by [the institution reasonably available (to the extent of available funds) to all students in the institution who desire such employment];

* * * * * * *

SEC. 448. [42 U.S.C. 2756b] WORK COLLEGES.

(a) PURPOSE.— * * *

* * * * * * *

(C) carry out activities described in section 443 or 446; [and]

* * * * * * *

(ii) alternatives that develop sound citizenship, encourage student persistence, and make optimum use of assistance under this part in education and student development[.] *; and*

* * * * * * *

(E) coordinate and carry out joint projects and activities to promote work service learning; and

(F) carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.

* * * * * * *

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section [$5,000,000 for fiscal year 1993] *$7,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

SEC. 453. [20 U.S.C. 1087c] SELECTION OF INSTITUTIONS FOR PARTICIPATION AND ORIGINATION.

(a) PHASE-IN OF PROGRAM.—

* * * * * * *

(2) [TRANSITION] SELECTION CRITERIA.—For academic year 1994–1995, the Secretary may approve an institution to originate loans only if such institution—

* * * * * * *

[(E) in the opinion of the Secretary, has not had significant deficiencies identified by a State postsecondary review entity under subpart 1 of part H of this title;]

[(F)] *(E)* in the opinion of the Secretary, has not had severe performance deficiencies for any of the programs under this title, including such deficiencies demonstrated by audits or program reviews submitted or conducted during the 5 calendar years immediately preceding the date of application;

[(G)] *(F)* provides an assurance that such institution has no delinquent outstanding debts to the Federal Government, unless such debts are being repaid under or in accordance with a repayment arrangement satisfactory to the Federal Government, or the Secretary in the Secretary's discretion determines that the existence or amount of such debts has not been finally determined by the cognizant Federal agency; and

[(H)] *(G)* meets such other criteria as the Secretary may establish to protect the financial interest of the United States and to promote the purposes of this part.

(3) REGULATIONS GOVERNING APPROVAL [AFTER TRANSITION].—For academic year 1995–1996 and subsequent academic years. [the] *The* Secretary shall promulgate and publish in the Federal Register regulations governing the approval of institutions to originate loans under this part in accordance with section 457(a)(2).

* * * * * * *

SEC. 455. [20 U.S.C. 1087e] TERMS AND CONDITIONS OF LOANS.

(a) IN GENERAL.—

* * * * * * *

[(b) INTEREST RATE.—

[(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.1 percent,

except that such rate shall not exceed 8.25 percent.

[(2) IN SCHOOL AND GRACE PERIOD RULES.—(A) Notwithstanding the provisions of paragraph (1), but subject to paragraph (3), with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

[(i) prior to the beginning of the repayment period of the loan; or

[(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall not exceed the rate determined under subparagraph (B).

[(B) For the purpose of subparagraph (A), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

[(ii) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

[(3) OUT-YEAR RULE.—Notwithstanding paragraphs (1) and (2), for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

[(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

[(4) RATES FOR FDPLUS.—(A) For Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of 52-week Treasury bills auctioned at final auction held prior to such June 1; plus

[(ii) 3.1 percent,

except that such rate shall not exceed 9 percent.

[(B) For Federal Direct PLUS loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

[(ii) 2.1 percent,

except that such rate shall not exceed 9 percent.

[(5) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.]

(b) INTEREST RATE.—

(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford/Ford Loans and Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

(A) prior to the beginning of the repayment period of the loan; or

(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting "1.7 percent" for "2.3 percent".

(3) PLUS LOANS.—With respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

(A) by substituting "3.1 percent" for "2.3 percent"; and

(B) by substituting "9.0 percent" for "8.25 percent".

(4) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of the determination.

(5) REPAYMENT INCENTIVES.—

(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower

of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.

* * * * * * *

SEC. 456. [20 U.S.C. 1087F] CONTRACTS.

(a) CONTRACTS FOR SUPPLIES AND SERVICES.—

(1) * * *

* * * * * * *

(b) CONTRACTS FOR ORIGINATION, SERVICING, AND DATA SYSTEMS.—The Secretary may enter into contracts for—

(1) * * *

* * * * * * *

(3) the establishment and operation of 1 or more data systems for the maintenance of records on all loans made under this part; *and*

[(4) services to assist in the orderly transition from the loan programs under part B to the direct student loan program under this part; and]

[(5)] *(4)* such other aspects of the direct student loan program as the Secretary determines are necessary to ensure the successful operation of the program.

* * * * * * *

SEC. 458. [20 U.S.C. 1087h] FUNDS FOR ADMINISTRATIVE EXPENSES.

[(a) ADMINISTRATIVE EXPENSES.—

[(1) IN GENERAL.—Each fiscal year, there shall be available to the Secretary from funds not otherwise appropriated, funds to be obligated for—

[(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part, and

[(B) administrative cost allowances payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) $507,000,000 in fiscal year 1998, $610,000,000 in fiscal year 1999, $705,000,000 in fiscal year 2000, $750,000,000 in fiscal year 2001, and $750,000,000 in fiscal year 2002. Administrative cost allowances under subparagraph (B) of this paragraph shall be paid quarterly and used in accordance with section 428(f). The Secretary may carry over funds available under this section to a subsequent fiscal year.

[(2) CALCULATION BASIS.—Administrative cost allowances payable to guaranty agencies under paragraph (1)(B) shall be calculated on the basis of 0.85 percent of the total principal amount of loans upon which insurance was issued in excess of $8,200,000,000 in fiscal year 1997 and upon which insurance is issued on or after October 1, 1997, except that such allowances shall not exceed—

[(A) $170,000,000 for each of the fiscal years 1998 and 1999; or

[(B) $150,000,000 for each of the fiscal years 2000, 2001, and 2002.

[(b) AVAILABILITY.—Funds made available under subsection (a) shall remain available until expended.]

(a) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—Each fiscal year there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part; and

(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with paragraph (2), not to exceed (from such funds not otherwise appropriated) $626,000,000 in fiscal year 1999, $726,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003.

(2) ACCOUNT MAINTENANCE FEES.—Account maintenance fees under subparagraph (B) shall be paid quarterly and deposited in the Agency Operating Fund established under section 422B.

(3) CARRYOVER.—The Secretary may carry over funds made available under this section to a subsequent fiscal year.

(b) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated—

(1) for fiscal years 1999 and 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B; and

(2) for fiscal year 2001, 2002, and 2003, on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.

SEC. 459. LOAN CANCELLATION FOR TEACHERS.

(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of canceling the obligation to repay a Federal Direct

Stafford/Ford Loan made under this part that is eligible for an interest subsidy, for any new borrower on or after the date of enactment of the Higher Education Amendments of 1998, who—

(1) has been employed as a full-time teacher for 3 consecutive complete school years—

(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and

(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

(2) is not in default on a loan for which the borrower seeks forgiveness.

(c) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

(d) LOAN CANCELLATION DURING CONTINUING TEACHING SERVICE.—

(1) IN GENERAL.—The Secretary shall cancel the obligation to repay—

(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Direct Stafford/Ford loans owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

(C) a total amount for any borrower that shall not exceed $ 10,000.

(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any canceled loan.

(e) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

(f) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (b).

* * * * * * *

Part E—Federal Perkins Loans

SEC. 461. [20 U.S.C. 1087aa] APPROPRIATIONS AUTHORIZED.

(a) PROGRAM AUTHORITY.—* * *

* * * * * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated $250,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

SEC. 462. [20 U.S.C. 1087bb] ALLOCATION OF FUNDS

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) * * *

* * * * * * *

(B) the institution's default penalty, as determined under subsection (f),

except that if the institution has a *cohort* default rate in excess of the applicable maximum *cohort* default rate under subsection (g), the institution may not receive an allocation under this paragraph.

* * * * * * *

except that if the institution has a *cohort* default rate in excess of the applicable maximum *cohort* default rate under subsection (g), the institution may not receive an allocation under this paragraph.

* * * * * * *

(c)—* * *

* * * * * * *

except that an eligible institution which has a *cohort* default rate in excess of the applicable maximum *cohort* default rate under subsection (g) may not receive an allocation under this paragraph.

* * * * * * *

except that, if the institution has a *cohort* default rate in excess of the applicable maximum *cohort* default rate under subsection (g), the eligible amount of that institution is zero.

* * * * * * *

(d) DETERMINATION OF INSTITUTION'S SELF-HELP NEED.—* * *

* * * * * * *

(3) To determine the self-help need of an institution's eligible graduate and professional students, [the Secretary, for academic year 1988–1989, shall use the procedures employed for academic year 1986–1987, and, for any subsequent academic years,] the Secretary shall—

* * * * * * *

(e) ANTICIPATED COLLECTIONS.—(1) * * *

* * * * * * *

(2) The Secretary shall establish an appeals process by which the anticipated collections required in paragraph (1) may be

waived for institutions with low *cohort* default rates in the program assisted under this part.

* * * * * * *

[(f) DEFAULT REDUCTION AND DEFAULT PENALTIES.—(1) For any fiscal year prior to fiscal year 1994, any institution which has a default rate which equals or exceeds 7.5 percent but does not exceed the maximum default rate applicable to the award year under subsection (g), the institution's default penalty is a percentage equal to the complement of such default rate. For any institution which has a default rate that does not exceed 7.5 percent, the institution's default penalty is equal to one.

[(2) For fiscal year 1994 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) which—

[(A) equals or exceeds 15 percent, shall establish a default reduction plan pursuant to regulations issued by the Secretary;

[(B) equals or exceeds 20 percent, but is less than 25 percent, shall have a default penalty of 0.9;

[(C) equals or exceeds 25 percent, but is less than 30 percent, shall have a default penalty of 0.7; and

[(D) equals or exceeds 30 percent shall have a default penalty of zero.]

(f) DEFAULT PENALTIES.—

(1) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) that equals or exceeds 25 percent shall have a default penalty of zero.

(2) INELIGIBILITY.—

(A) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined in subsection (h)) that equals or exceeds 50 percent for each of the 3 most recent years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and the 2 succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after the submission of the appeal. Such decision may permit the institution to continue to participate in a program under this part if—

(i) the institution demonstrates to the satisfaction of the Secretary that the calculation of the institution's cohort default rate is not accurate, and that recalculation would reduce the institution's cohort default rate for any of the 3 fiscal years below 50 percent; or

(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances such as a small number of borrowers entering repayment, that would make the application of this subparagraph inequitable.

(B) CONTINUED PARTICIPATION.—During an appeal under subparagraph (A), the Secretary may permit the institution to continue to participate in a program under this part.

(C) DEFINITION.—For the purposes of subparagraph (A), the term 'loss of eligibility' shall be defined as the mandatory liquidation of an institution's student loan fund, and assignment of the institution's outstanding loan portfolio to the Secretary.

(g) APPLICABLE MAXIMUM DEFAULT RATE.—[For award years 1992 and 1993, the applicable maximum default rate is 15 percent.] *(1) For award year 1998 and subsequent years, the maximum cohort default rate is 25 percent.*

* * * * * * *

(h) [DEFINITIONS OF DEFAULT RATE AND] *DEFINITION OF* COHORT DEFAULT RATE.—[(1) For any award year prior to award year 1994, for the purpose of this section, the default rate is computed by dividing—

[(A) the total principal amount of defaulted loans; by

[(B) the total principal amount of all loans made under this part, less the principal amount of all loans made to borrowers who are eligible for deferment under section 464(c)(2)(A)(i) or are in a grace period preceding repayment.

[(2) For the purpose of paragraph (1)(A), the total principal amount of defaulted loans is equal to the total amount borrowed under loans that have reached repayment status and that are in default, minus—

[(A) amounts that have been repaid or cancelled on such loans;

[(B) loans discharged in bankruptcy;

[(C) loans referred or assigned to the Secretary for collection under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a); and

[(D) loans that are in default but on which the borrowers have made satisfactory arrangements to resume payment.]

[*(3)*]*(1)*(A) For award year 1994 and any succeeding year, the term "cohort default rate" means, for any award year in which 30 or more current and former students at the institution enter repayment on loans under this part (received for attendance at the institution), the percentage of those current and former students who enter repayment on such loans (received for attendance at that institution) in that award year who default before the end of the following award year.

[(B) In determining the number of students who default before the end of such award year, the Secretary shall, in calculating the cohort default rate, exclude any loans which, due to improper servicing or collecting, would result in an inaccurate or incomplete calculation of the cohort default rate.]

[(C)] *(B)* For any award year in which less than 30 of the institution's current and former students enter repayment, the term "cohort default rate" means the percentage of such current and former students who entered repayment on such loans in any of the three most recent award years and who default before the end of the award year immediately following the year in which they entered repayment.

[(D)] *(C)* A loan on which a payment is made by the institution of higher education, its owner, agency, contractor, employee, or any other entity or individual affiliated with such in-

stitution, in order to avoid default by the borrower, is considered in default for the purposes of this subsection.

[(E)] *(D)* Any loan that is in default but on which the borrower has made satisfactory arrangements to resume payment or any loan which has been rehabilitated before the end of such following award year is not considered as in default for purposes of this subsection.

[(F)] *(E)* In the case of a student who has attended and borrowed at more than one school, the student (and his or her subsequent repayment or default) is attributed to the school for attendance at which the student received the loan that entered repayment in the award year.

[(G)] *(F)* The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of a *cohort* default rate determination under this subsection through the use of such measures as branching, consolidation, change of ownership or control or other means as determined by the Secretary.

[(4)]*(2)* [A loan] *For purposes of calculating the cohort default rate under this subsection, a loan* shall be considered to be in default—

* * * * * * *

SEC. 463. [20 U.S.C. 1087 cc] AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

(a) CONTENTS OF AGREEMENTS. * * *

* * * * * * *

[(B) a capital contribution—

[(i) by an institution that—

[(I) is granted permission by the Secretary to participate in an Expanded Lending Option under the program, and

[(II) has a default rate which does not exceed 7.5 percent for award year 1993–1994 and has a cohort default rate which does not exceed 15 percent for award year 1994–1995 or for any succeeding award year,

in an amount not less than the amount of the Federal capital contributions described in subparagraph (A); or

[(ii) by any other institution, in an amount not less than three-seventeenths of such Federal capital contribution in fiscal year 1993, and one-third of such Federal capital contribution in each of the succeeding fiscal years, of the amount of the Federal capital contributions described in subparagraph (A);]

(B) a capital contribution by an institution in an amount equal to one-third of the Federal capital contributions described in subparagraph (A);

* * * * * * *

(c) COOPERATIVE AGREEMENTS WITH CREDIT BUREAU ORGANIZATIONS.—(1) * * *

* * * * * * *

(2) Each cooperative agreement made pursuant to paragraph (1) shall be made in accordance with the requirements of section 430A except that such agreement shall provide for the disclosure by the Secretary to such organizations, with respect to any loan for which the Secretary is responsible, of—] *by the Secretary or an institution, as the case may be, to such organizations, with respect to any loan held by the Secretary or the institution, respectively, or—*

[(A) the date of disbursement and the amount of any such loan;]

(A) the date of disbursement and the amount of such loans made to any borrower under this part at the time of disbursement of the loan;

(B) information concerning *the repayment and* collection of any such loan, including information concerning the status of [any defaulted] *such* loan; and

(C) the date of cancellation of the note upon completion of repayment by the borrower of any such loan*, or upon cancellation or discharge of the borrower's obligation on the loan for any reason*.

(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c (a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part [until—] *until the loan is paid in full.*

[(A) 7 years from the date on which the Secretary accepted an assignment or referral of a loan, or

[(B) 7 years from the date the Secretary first reports the account to a consumer reporting agency.]

[(4) Each institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement—

[(A) the amount of loans made to any borrower under this part at the time of the disbursement of the loan; and

[(B) the information set forth in section 430A(a).]

(4)(A) Except as provided in subparagraph (B), an institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement the information set forth in paragraph (2), and shall disclose promptly to such credit bureau organization any changes to the information previously disclosed.

(B) The Secretary may promulgate regulations establishing criteria under which an institution of higher education may cease reporting the information described in paragraph (2) before a loan is paid in full.

* * * * * * *

SEC. 464. [20 U.S.C. 1087dd] TERMS OF LOANS.

(a) TERMS AND CONDITIONS.—* * *

* * * * * * *

[(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent

by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

[(i) for institutions that have an agreement with the Secretary to participate in the Expanded Lending Option under section 463(a)(2)(B)(i)—

[(I) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

[(II) $6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(ii) for all other institutions—

[(I) $3,000 in the case of a student who has not successfully completed a program of undergraduate education; or

[(II) $5,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

[(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

[(i) for institutions that have an agreement with the Secretary to participate in the Expanded Lending Option under section 463(a)(2)(B)(i)—

[(I) $40,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

[(II) $20,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

[(III) $8,000 in the case of any other student; or

(ii) for all other institutions—

[(I) $15,000, in the case of any student who has not successfully completed a program of undergraduate education; or

[(II) $30,000, in the case of any graduate or professional student (as defined in regulations issued by the Secretary) and including any loans from such funds made to such student before the student became a graduate or professional student.]

(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

(i) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

(ii) $6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(i) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

(ii) $20,000, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary, and including any loans from such funds made to such person before such person became such a student); and

(iii) $8,000, in the case of any other student.

(C)(i) The total of loans made to a student described in clause (ii) in any academic year or its equivalent by an institution of higher education from loan funds established pursuant to agreements under this part may not exceed—

(I) $8,000 for each of the third and fourth years of the program of instruction leading to a bachelor's degree; or

(II) $10,000 for the first year of graduate study (as defined in regulations issued by the Secretary).

(ii) A student referred to in clause (i) is any student—

(I) who is a junior in a program of instruction leading to a bachelor's degree;

(II) who states in writing that the student will pursue a course of study to become an elementary or secondary school teacher; and

(III) who states in writing that the student intends to become a full-time teacher in a school which meets the requirements of section 465(a)(2)(A).

(iii) Each institution shall provide a report to the Secretary annually containing the number of loans under this subparagraph that are made, the amount of each loan, and whether students benefiting from the higher loan limits met the requirements for receiving those loans.

(iv) If 3 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary determines that an institution has engaged in a pattern of abuse of this subparagraph, the Secretary may reduce or terminate the institution's Federal capital contribution.

* * * * * * *

(b) * * *

* * * * * * *

[(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, and if the

total financial need of all such less than full-time and independent students at the institutions exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of such loans shall be made available to such less than full-time and independent students.]

(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time; or (B) independent students, a reasonable portion of the loans made from the institution's student loan fund containing the contribution shall be made available to such students.

(c) * * *

* * * * * * *

(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of [(i) 3 percent per year, (ii) 4 percent per year in the case of any loan made on or after July 1, 1981, or (iii)] 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (I) prior to the beginning date of repayment determined under subparagraph (A)(i), or (II) during any period in which repayment is suspended by reason of paragraph (2);

* * * * * * *

(H) shall provide that, in the case of a loan made on or after July 1, 1999, the loan shall be considered in default (except as otherwise provided in section 462(h)) if the borrower of a loan made under this part fails to make an installment payment when due, or to meet any other term of the promissory note or written repayment agreement, and such failure persists for—

(i) 180 days in the case of a loan that is repayable in monthly installments; or

(ii) 240 days in the case of a loan that is repayable in less frequent installments;

[(H)] *(I)* pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this subparagraph shall exceed 20 percent of the amount of the monthly payment of the borrower; and

[(I)] *(J)* shall contain a notice of the system of disclosure of information concerning default on such loan to credit bureau organizations under section 463(c).

* * * * * * *

(f) * * *

* * * * * * *

(g) DISCHARGE.—

(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge

the borrower's liability on the loan (including the interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and the institution's affiliates and principals, or settle the loan obligation pursuant to the financial responsibility standards described in section 498(c).

(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund in an amount that does not exceed the amount discharged against the institution and the institution's affiliates and principals.

(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period during which a student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall not be considered income for purposes of the Internal Revenue Code of 1986.

(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.

(h) REHABILITATION OF LOANS.—

(1) REHABILITATION.—

(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes 12 ontime, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit bureau organization or credit reporting agency to which the default was reported to remove the default from the borrower's credit history.

(B) COMPARABLE CONDITIONS.—As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

(C) ADDITIONAL ASSISTANCE.—The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which the borrower is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

(D) LIMITATIONS.—A borrower only once may obtain the benefit of this paragraph with respect to rehabilitating a loan under this part.

(2) RESTORATION OF ELIGIBILITY.—If the borrower of a loan made under this part who has defaulted on that loan makes 6 ontime, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower only once may obtain the benefit of this paragraph with respect to restored eligibility.

(i) INCENTIVE REPAYMENT PROGRAM.—

(1) IN GENERAL.—Each institution of higher education may establish, with the approval of the Secretary, an incentive repayment program designed to reduce default and to replenish student loan funds established under this part. Each such incentive repayment program may—

(A) offer a reduction of the interest rate on a loan on which the borrower has made 48 consecutive monthly repayments, but in no event may the rate be reduced by more than 1 percent;

(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event may the discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

(C) include such other incentive repayment options as the institution determines will carry out the objectives of this subsection.

(2) LIMITATION.—No incentive repayment option under an incentive repayment program authorized by this subsection may be paid for with Federal funds, including any Federal funds from the student loan fund, nor can an incentive repayment option be paid for with institutional funds from the student loan fund.

* * * * * * *

SEC. 466. [20 U.S.C. 1087FF] DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

(a) IN GENERAL. After September 30, [1996] *2003*, and not later than March 31, [1997] *2004*, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, [1996] *2003*, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

* * * * * * *

(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 31, [2005] *2012*, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, [1996] *2003*, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after

deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a).

(c) DISTRIBUTION OF EXCESS CAPITAL.—(1) Upon a finding by the institution or the Secretary prior to October 1, [1997] *2004*, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

* * * * * * *

[SEC. 467. [20 U.S.C. 1087GG] COLLECTION OF DEFAULTED LOANS: PERKINS LOAN REVOLVING FUND.

[(a) AUTHORITY OF SECRETARY TO COLLECT REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—With respect to any loan—

[(1) which was made under this part, and

[(2) which is referred, transferred, or assigned to the Secretary by an institution with an agreement under section 463(a),

the Secretary is authorized to attempt to collect such loan by any means authorized by laws for collecting claims of the United States (including referral to the Attorney General for litigation) and under such terms and conditions as the Secretary may prescribe, including reimbursement for expenses reasonably incurred in attempting such collection.

[(b) COLLECTION OF REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—The Secretary shall continue to attempt to collect any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a) until all appropriate collection efforts, as determined by the Secretary, have been expended.

[(c) PERKINS LOAN REVOLVING FUND.—(1) There is established a Perkins Loan Revolving Fund which shall be available without fiscal year limitation to the Secretary to make payments under this part, in accordance with paragraph (2) of this subsection. There shall be deposited in the Perkins Revolving Loan Fund—

[(A) all funds collected by the Secretary on any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a);

[(B) all funds collected by the Secretary on any loan referred under paragraph (5)(B)(ii) of section 463(a);

[(C) all funds paid to the Secretary under section 466(c)(1)(A);

[(D) all funds from a student loan fund under this part received by the Secretary as the result of the closure of an institution of higher education;

[(E) all funds received by the Secretary as a result of an audit of a student loan fund established under this part; and

[(F) all funds which have been appropriated and which the Secretary determines are not necessary for carrying out section

465, relating to the cancellation of certain loans under this part for qualifying service.

[(2) Notwithstanding any other provision of law, the Secretary shall, from the Perkins Loan Revolving Fund established under paragraph (1), pay allocations of additional capital contributions to eligible institutions of higher education in accordance with section 462, except that funds described in subparagraph (B) of paragraph (1) shall be repaid to the institution of higher education which referred the loan, as specified in section 463(a)(5)(B)(ii). The Secretary shall make the payments required by this paragraph in a manner designed to maximize the availability of capital loan funds under this part.]

SEC. 472. [20 U.S.C. 1087II] COST OF ATTENDANCE.

For the purpose of this title, the term "cost of attendance" means—

[(1) * * *

* * * * * * *

(A) shall be an allowance [of not less than $1,500] *mined by the institution* for a student without dependents residing at home with parents;

* * * * * * *

(C) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board[, except that the amount may not be less than $2,500];

(11) for a student [placed] *engaged* in a work experience under a cooperative education program; an allowance for reasonable costs associated with such employment (as determined by the institution); and

* * * * * * *

SEC. 475. [20 U.S.C. 1067OO] FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) * * *

* * * * * * *

(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

[(1) IN GENERAL.—* * *

* * * * * * *

(D) an income protection allowance of [$1,750] *$2,200*; and

(E) the amount of any tax credit taken by the student under section 25A of the Internal Revenue Code of 1986[.]*; and.*

(F) an allowance for parents' negative available income, determined in accordance with paragraph (6).

(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (1) exceeds the parents' total income (as defined in section 480).

* * * * * * *

(j) ADJUSTMENTS TO STUDENTS CONTRIBUTIONS FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than 9 months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing the amount determined under such subsection by 9, and multiplying the result by the number of months in the period of enrollment.

SEC. 476. [20 U.S.C. 1087pp] FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

* * * * * * *

(I) [$3,000] *$4,250* for single students;

(II) [$3,000] *$4,250* for married students where both are enrolled pursuant to subsection (a)(2); and

(III) [$6,000] *$7,250* for married students where one is enrolled pursuant to subsection (a)(2);

* * * * * * *

SEC. 478 [20 U.S.C. 1087rr] REGULATIONS; UPDATED TABLES.

(a) * * *

* * * * * * *

(b) INCOME PROTECTION ALLOWANCE.—[For each academic year] *(1) REVISED TABLES.—For each academic year* after academic year 1993–1994, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

"(2) REVISED AMOUNTS.—For each academic year after academic year 1999–2000, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1998 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

* * * * * * *

SEC. 479A. [20 U.S.C. 1987TT] DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATION.

(a) IN GENERAL.—* * *

* * * * * * *

[(c) ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES.—

[(1) IN GENERAL.—A student financial aid administrator shall be considered to be making an adjustment for special circumstances in accordance with subsection (a) if—

[(A) in the case of a dependent student—

[(i) such student received a Federal Pell Grant as a dependent student in academic year 1992—1993 and the amount of such student's Federal Pell Grant for academic year 1993–1994 is at least $500 less than the amount of such student's Federal Pell Grant for academic year 1992–1993; and

[(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992; and

[(B) in the case of a single independent student—

[(i) such student received a Federal Pell Grant as a single independent student in academic year 1992—1993 and qualified as an independent student as accordance with section 480(d) for academic year 1993—1994, and the amount of such student's Federal Pell Grant for academic year 1993–1994 is at least $500 less than the amount of such student's Federal Pell Grant for academic year 1992–1993; and

[(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992.

[(2) AMOUNT.—A financial aid administrator shall not make an adjustment for special circumstances pursuant to this subsection in an amount that exceeds one-half of the difference between the amount of a student's Federal Pell Grants for academic year 1992—1993 and the amount of such student's Federal Pell Grant for academic year 1993–1994.

[(3) ACADEMIC YEAR LIMITATION.—A financial aid administrator shall make adjustment under this subsection only for Federal Pell Grants awarded for academic years 1993–1994, 1994–1995, and 1995–1996.

[(4) SPECIAL RULE.—Adjustment under this subsection shall be made in any fiscal year only if an Act that contains an appropriation for such fiscal year to carry out this subsection is enacted on or after the date of enactment of the Higher Education Technical Amendments of 1993.

[(5) LIMITATION.—Adjustments under this subsection shall not be available for any academic year to any student who, on the basis of the financial circumstances of the student for the current academic year, would not have been eligible for a grant under this section in academic year 1992–1993.]

(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—An eligible institution may refuse to certify a statement that permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the

basis of race, national origin, religion, sex, marital status, age, or disability status.

* * * * * * *

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 481. DEFINITIONS.

(a) INSTITUTION OF HIGHER EDUCATION.—(1) Subject to paragraphs (2) through (4) of this subsection, the term "institution of higher education" for purposes of this title includes, in addition to the institutions covered by the definition in section [1201(a)] *101(a)*—

(A) a proprietary institution of higher education;

(B) a postsecondary vocational institution; and

(C) only for the purposes of part B of this title, an institution outside the United States which is comparable to an institution of higher education as defined in section [1201(a)] *101(a)* and which has been approved by the Secretary for the purpose of part B.

(2)(A) For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section [1201(a)] *101(a)*. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this title unless—

* * * * * * *

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section [1201(a)] *101(a)*.

* * * * * * *

(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purpose of this section, the term "proprietary institution of higher education" means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section [1201(a)] *101(a)*, (3) which does not meet the requirement of clause (4) of section [1201(a)] *101(a)*, (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of this title, (5) which has been in existence for at least 2 years, and (6) which has at least 15 percent of its revenues from sources that are not derived from funds provided under this title, as determined in accordance with regulations prescribed by the Secretary. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section [1201(a)] *101(a)*, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(c) POSTSECONDARY VOCATIONAL INSTITUTION.—For the purpose of this section, the term "postsecondary vocational institution" means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section [1201(a)] *101(a)*, and (3) which has been in existence for at least 2 years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section [1201(a)] *101(a)*, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

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SEC. 482. MASTER CALENDAR.

(a) * * *

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(3) To the extent feasible, the Secretary shall notify eligible institutions and vendors by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.

* * * * * * *

[(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—Any regulatory changes initiated by the Secretary affecting the programs pursuant to this title that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such December 1 date. For award year 1994–95, this subsection shall not require a delay in the effectiveness of regulatory changes affecting parts B, G, and H of this title that are published in final form by May 1, 1994.]

(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—(1) Except as provided in paragraph (2), any regulatory changes intitated by the Secretary affecting the programs under this title that have not been published in final form by November 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such November 1 date.

(2)(A) The Secretary may designate any regulatory provision that affects the programs under this title and is published in final form after November 1 as one that an entity subject to the provision may, in the entity's discretion, choose to implement prior to the effective date described in paragraph (1). The Secretary may specify in the designation when, and under what conditions, an entity may implement the provision prior to that effective date. The Secretary shall publish any designation under this subparagraph in the Federal Register.

(B) If an entity chooses to implement a regulatory provision prior to the effective date described in paragraph (1), as permitted by subparagraph (A), the provision shall be effective with respect to that entity in accordance with the terms of the Secretary's designation.

* * * * * * *

SEC. 483. [20 U.S.C. 1090] FORMS AND REGULATIONS.

(a) COMMON FINANCIAL AID [FORM] *FORM DEVELOPMENT* AND PROCESSING.—

[(1) SINGLE FORM REQUIRED.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A, C, D, and E of this title (other than under subpart 4 of part A) and to determine the need of a student for the purpose of part B of this title. The Secretary may include on the form developed pursuant to this paragraph not more than eight nonfinancial data items selected in consultation with the States to assist the States in awarding State student financial assistance. Such form shall satisfy the requirements of section 401(d) of this title. For the purpose of collecting eligibility and other data for the purpose of part B, the Secretary shall develop a separate, identifiable loan application document (pursuant to section 432(m)) that applicants or institutions in which the students are enrolled or accepted for enrollment shall submit directly to eligible lenders and on which the applicant shall clearly indicate a choice of a lender.]

(1) SINGLE FORM REQUIREMENTS.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form (which shall include electronic versions of the form) to be used—

(A) to determine the need (including the expected family contribution and, if appropriate, cost of attendance) and eligibility of a student for financial assistance under parts A, C, D, and E; and

(B) to determine the need (including the expected family contribution and cost of attendance) of a student for the purposes of part B.

(2) STATE DATA ITEMS.—The Secretary shall include on the form developed under this subsection such data items, selected in consultation with the States to assist the States in awarding State student financial assistance, as the Secretary determines are appropriate for inclusion.

(3) PARENT'S SOCIAL SECURITY NUMBER.—The Secretary shall include on the form developed under this paragraph space for the social security number of parents of dependent students seeking financial assistance under this title.

(4) USE.—The Secretary shall require that the form developed under this paragraph be used for the purpose of collecting eligibility and other data for purposes of part B, including the applicant's choice of lender.

* * * * * * *

(3) DISTRIBUTION OF DATA.—[Institutions of higher education and States shall receive] *The Secretary shall provide*, without charge, the data collected by the Secretary using the form developed pursuant to this section for the purposes of determin-

ing need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education or States to receive such data shall be subject to all requirements of this section, unless such requirements are waived [by the Secretary].

* * * * * * *

(g) PAYMENT FOR DATA.—The Secretary may pay such charges as the Secretary determines are necessary to obtain data that the Secretary considers essential to the efficient administration of the programs under this title.

(h) MULTIYEAR PROMISSORY NOTE.—The Secretary shall require, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, the use of a promissory note applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing this subsection, the Secretary shall develop and test such a promissory note on a limited or pilot basis.

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SEC. 484. [20 U.S.C. 1091] STUDENT ELIGIBILITY.

(a) IN GENERAL.— * * *

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(d) STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.—In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 3, and 4 of part A and parts B, C, D, and E of this title, the student shall meet [either] one of the following standards:

* * * * * * *

(3) The student has completed a high school education in a home school setting and has met any State requirements with respect to such education in a home school setting.

* * * * * * *

(q) VERIFICATION OF IRS RETURN INFORMATION.—The Secretary shall verify the information reported by all applicants for assistance on the form prescribed under section 483 with the return information (as defined in section 6103 of the Internal Revenue Code of 1986) available to the Secretary of the Treasury. Notwithstanding section 6103 of such Code the Secretary of the Treasury shall provide the return information to the Secretary. In the case of a dependent student the return information shall include the return information of the parent of the student. The form prescribed by the Secretary under section 483 shall contain a prominent notice of the verification of the information and a warning to all the applicants of the penalties for misrepresentation, with respect to the information, under the United States Code.

(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the

period beginning on the date of such conviction and ending after the interval specified in the following table:

If convicted of an offense involving:	
The possession of a controlled substance:	***Ineligibility period is:***
First offense	*1 year*
Second offense	*2 years*
Third offense	*Indefinite.*
The sale of a controlled substance:	***Ineligibility period is:***
First offense	*2 years*
Second offense	*Indefinite.*

(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the ineligibility period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph.

(3) DEFINITIONS.—In this subsection, the term "controlled substance" has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

* * * * * * *

SEC. 484B. [20 U.S.C. 1091b] INSTITUTIONAL REFUNDS.

(a) REFUND POLICY REQUIRED.— * * *

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(b) DETERMINATIONS.—The institution's refund policy shall be considered to be fair and equitable for purposes of this section if that policy provides for a refund in an amount of at least the largest of the amounts provided under—

(1) the requirements of applicable State law; *or*

[(2) the specific refund requirements established by the institution's nationally recognized accrediting agency and approved by the Secretary; or]

[(3)] *(2)* the pro rata refund calculation described in subsection (c), except that this paragraph will not apply to the institution's refund policy for any student whose date of withdrawal from the institution is after the 60 percent point (in time) in the period of enrollment for which the student has been charged.

(c) DEFINITIONS.—(1) As used in this section, the term "pro rata refund" means a refund by the institution to a student attending such institution for the first time of not less than that portion of the tuition, fees, room and board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remains on the [last day of attendance by the student] *day the student withdrew,* rounded downward to the nearest 10 percent of that period, less any unpaid charges owed by the student for the period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of 5 percent of the tuition, fees, room and board, and other charges assessed the student, or $100.

* * * * * * *

(A) in the case of a program that is measured in credit hours, by dividing the total number of weeks comprising the period of enrollment for which the student has been charged into the number of weeks remaining in that period as of the [last recorded day of attendance by the student] *day the student withdrew*;

(3) For the purpose of this section, the term "day a student withdrew"—

(A) is the date that was the last recorded day of attendance by the student; or

(B) in instances where attendance is not recorded, is the date on which—

(i) the student began the withdrawal process prescribed by the institution; or

(ii) the student otherwise provided notification to the institution of the intent to withdraw.

* * * * * * *

SEC. 485 [20 U.S.C. 1092] INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available, through appropriate publications[and mailings, to all current], *mailings, and electronic media, to all enrolled* students, and to any prospective student upon request. *Each eligible institution annually shall provide to all students enrolled at the institution, a list of the information that is required by this section, together with a statement of the procedures required to obtain the information.* The information required by this section shall accurately describe—

* * * * * * *

(2) For the purpose of this section,the term "prospective student" means any individual who has contacted an eligible institution requesting information concerning *an application for* admission to that institution.

(3) In calculating the completion or graduation rate under subparagraph (L) of paragraph (1) of this subsection *(graduation notes)* or under subsection (e), *(student right-to-know)*, a student shall be counted as a completion or graduation if, within 150 percent of the normal time for completion of or graduation from the program, the student has completed or graduated from the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation. The information required to be disclosed under such suparagraph—

[(A) shall, for any academic year beginning more than 270 days after the Secretary first prescribes final regulations pursuant to such subparagraph (L), be made available to current and prospective students prior to enrolling or entering into any financial obligation; and]

(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and

* * * * * * *

(b) EXIT COUNSELING FOR BORROWERS.—(1)(A) Each eligible institution shall, through financial aid officers or otherwise, make available counseling to borrowers [individually or in groups] of loans which are made, insured, or guaranteed under part B (other than loans made pursuant to section 428B) of this title or made under part D or E of this title prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall find include—

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(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means to provide personalized exit counseling.

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(e) * * *

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[(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and his parents, his guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1).]

(2) When an institution described in paragraph (1) offers a potential student athlete athletically related student aid, such institution shall provide to the student, the student's parents, the student's guidance counselor, and the student's coach the information contained in the report submitted by such institution pursuant to paragraph (1). If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions, that the Secretary determines is substantially comparable to the information described in the previous sentence, the distribution of the compilation to all secondary schools shall fulfill the responsibility of the institution to provide the information to a prospective student athlete's guidance counselor and coach.

* * * * * * *

[(9) This subsection shall not be effective until the first July 1 that follows, by more than 270 days, the date on which the Secretary first prescribes final regulations pursuant to this subsection. The reports required by this subsection shall be due on that July 1 and each succeeding July 1 and shall cover the 1-year period ending August 31 of the preceding year.]

(9) The reports required by this subsection shall be due each July 1 and shall cover the 1-year period ending August 31 of the preceding year.

(f) * * *

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(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

[(i) murder;

[(ii) sex offenses, forcible or nonforcible;

[(iii) robbery;

[(iv) aggravated assault;

[(v) burglary; and

[(vi) motor vehicle theft.]

(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available—

(i) of the following criminal offenses reported to campus security authorities or local police agencies—

(I) homicide, including murder or nonnegligent manslaughter or negligent manslaughter;

(II) sex offenses, forcible or nonforcible;

(III) robbery;

(IV) aggravated assault;

(V) burglary;

(VI) motor vehicle theft; and

(VII) arson;

(ii) of the crimes described in subclauses (I) through (VII), and vandalism and simple assault, that manifest evidence of prejudice based on actual or perceived race, gender, religion, sexual orientation, ethncity, or disability that are reported to campus security authorities or local police agencies, which data shall be collected and reported according to category of prejudice.

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(I) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws and a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws and a description of any drug or alcohol abuse education programs as required under section [1213] *111* of this Act.

* * * * * * *

(4)(A) Each institution participating in any program under this title which maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording all crimes reported to such police or security department, including—

(i) the nature, date, time, and general location of each crime; and

(ii) the disposition of the complaint, if known.

(B)(i) All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law or such disclosure would jeopardize the confidentiality of the victim, be open to public inspection within 2 business

days of the initial report being made to the department or a campus security authority.

(ii) If new information about an entry into a log becomes available to a police or security department, then the new information shall be recorded in the log not later than 2 business days after the information becomes available to the police or security department.

(iii) Where there is clear and convincing evidence that the release of such information would jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence, such information may be withheld until that damage is no longer likely to occur from the release of such information.

(iv) Notwithstanding clause (iii), an institution of higher education shall record all criminal incidents occurring on campus and shall make the reports open to public inspection not later than 2 business days after the requirements of clause (iii) are met.

[(4)**]***(5)* Upon the request of the Secretary, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under paragraphs (1)(F) and (1)(H). The Secretary shall—

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[(5)**]***(6)*(A) For purposes of this subsection, the term "campus" includes—

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[(6)**]***(7)* The statistics described in paragraphs (1)(F) and (1)(H) shall be compiled in accordance with the definitions used in the uniform crime reporting system of the Department of Justice, Federal Bureau of Investigation, and the modifications in such definitions as implemented pursuant to the Hate Crime Statistics Act. *Such statistics shall not identify victims of crimes or persons accused of crimes, except as permitted by State or local law.*

[(7)**]***(8)(A)* Each institution of higher education participating in any program under this title shall develop and distribute as part of the report described in paragraph (1) a statement of policy regarding—

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(9) STUDY.—

(A) IN GENERAL.—The Secretary, in consultation with the Attorney General, shall provide for a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault.

(B) REPORT.—The study required by subparagraph (A) shall include an analysis of—

(i) the existence and publication of the institution of higher education's and State's definition of sexual assault;

(ii) the existence and publication of the institution's policy for campus sexual assaults;

(iii) the individuals to whom reports of sexual assault are given most often and—

(I) how the individuals are trained to respond to the reports; and

(II) the extent to which the individuals are trained;

(iv) the reporting options that are articulated to the victim or victims of the sexual assault regarding—

(I) on-campus reporting and procedure options; and

(II) off-campus reporting and procedure options;

(v) the resources available for victims' safety, support, medical health, and confidentiality, including—

(I) how well the resources are articulated both specifically to the victim of sexual assault and generally to the campus at large; and

(II) the security of the resources in terms of confidentiality or reputation;

(vi) policies and practices that may prevent or discourage the reporting of campus sexual assaults to local crime authorities, or that may otherwise obstruct justice or interfere with the prosecution of perpetrators of campus sexual assaults;

(vii) policies and practices found successful in aiding the report and any ensuing investigation or prosecution of a campus sexual assault;

(viii) the on-campus procedures for investigation and disciplining the perpetrator of a sexual assault, including—

(I) the format for collecting evidence; and

(II) the format of the investigation and disciplinary proceeding, including the faculty responsible for running the disciplinary procedure and the persons allowed to attend the disciplinary procedure; and

(ix) types of punishment for offenders, including—

(I) whether the case is directed outside for further punishment; and

(II) how the institution punishes perpetrators.

(C) SUBMISSION OF REPORT.—The report required by subparagraph (B) shall be submitted to Congress not later than September 1, 1999.

(D) DEFINITION.—For purposes of this section, the term 'campus sexual assaults' means sexual assaults occurring at institutions of higher education and sexual assaults committed against or by students or employees of such institutions.

(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 1999.

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(g) * * *

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(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, derived by the institution from the institution's intercollegiate athletics activities.

(ii) For the purpose of clause (i) revenues from intercollegiate athletics activities allocable to a sport shall include, without limitation, gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, except that revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, made by the institution for the institution's intercollegiate athletics activities.

(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, except that expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

(K) A statement of any reduction that will, or is likely to, occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport, or in the financial resources that the institution will make available for any such sport, and the reasons for any such reduction, to the extent the reduction is known.

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(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) Each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.

(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) for each year by April 1 of the year. The report shall—

(i) summarize the information and identify trends in the information;

(ii) aggregate the information by divisions of the National Collegiate Athletic Association; and

(iii) contain information on each individual institution of higher education.

(C) The Secretary shall ensure that the report described in subparagraph (B) is made available on the Internet within a reasonable period of time.

(D) The Secretary shall notify, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, all secondary schools in all States regarding the availability of the information reported under subparagraph (B) and the information made available under paragraph (1), and how such information may be accessed.

[(4)]*(5)* DEFINITION.—For the purposes of this subsection, the term "operating expenses" means expenditures on lodging and meals, transportation, officials, uniforms and equipment.

[(5) REGULATIONS AND EFFECTIVE DATE.—The Secretary shall issue final regulations to implement the requirements of this subsection not later than 180 days following the enactment of this subsection. Each institution described in paragraph (1) shall make available its first report pursuant to this section not later than October 1, 1996.]

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SEC. 485B. [20 U.S.C. 1092b] NATIONAL STUDENT LOAN DATA SYSTEM.

(a) DEVELOPMENT OF THE SYSTEM.—* * *

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(h) STUDENT STATUS CONFIRMATION REPORT.—In order to reduce unnecessary paperwork and to increase the efficient administration, the Secretary shall assure that borrowers under part E are included in the Student Status Confirmation Report in the same manner as borrowers under parts B and D.

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SEC. 486. [20 U.S.C. 1093] TRAINING IN FINANCIAL AID SERVICES.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to provide grants to appropriate nonprofit private organizations or combinations of such organizations to provide training for student financial aid administrators and TRIO personnel, at all levels of experience, who provide or are involved in student financial aid services.

[(b) USE OF FUNDS.—Financial assistance under this section may be used for—

[(1) the operation of short-term training institutes and special training programs for student financial aid administrators or TRIO personnel designed to—

[(A) improve the professional management skills of participants in such institutes and programs;

[(B) improve the delivery of student services;

[(C) improve students' or prospective students' information on the availability and operation of student financial assistance programs; and

[(D) improve the understanding and knowledge of the participants concerning the legislative and regulatory requirements of the student financial assistance programs and changes in such requirements; and

[(2) the development of appropriate training materials.

[(c) LIMITATIONS.—Grants authorized under this section—

[(1) shall be limited to not less than $1,000,000 in the case of single-year grants;

[(2) shall be limited to not less than $1,000,000 per year in the case of multiple-year grants;

[(3) shall be limited to a maximum of 3 years in the case of multiple-year grants; and

[(4) may be renewed at the discretion of the Secretary.

[(d) AUTHORIZATION OF APPROPRIATIONS AND USE OF FUNDS.—There are authorized to be appropriated $5,000,000 for fiscal year

1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.]

SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDUCATION.

(a) IN GENERAL.—For the purpose of providing comparative information to families about the costs of higher education—

(1) the National Center for Education Statistics shall—

(A) develop a standard definition for the following data elements:

(i) Tuition and fees.

(ii) Total cost of attendance, including costs such as housing, books, supplies, and transportation.

(iii) Average amount of financial assistance received by a student who attends an institution of higher education, in terms of the following:

(I) Grants and loans.

(II) Institutional and other assistance.

(iv) Percentage of students receiving student financial assistance, in terms of the following:

(I) Grants and loans.

(II) Institutional and other assistance;

(B) report the definitions to each institution of higher education and the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 90 days after the date of enactment of the Higher Education Amendments of 1998;

(C) collect information regarding the data elements described in subparagraph (A) with respect to all institutions of higher education, and make available the information each year in a timely fashion through the integrated postsecondary education data system, beginning with the information from the 1999–2000 academic year;

(D) provide the public notice when the information described in subparagraph (C) is available for public inspection; and

(E) publish in a timely fashion a report after the third year of collection of the information described in subparagraph (C) that compares the information described in subparagraph (C) longitudinally by institution, which information shall be presented in a form that is easily understandable, including clear definitions of the data elements described in subparagraph (A), to allow parents and students to make informed decisions about attending college; and

(2) institutions of higher education shall provide information regarding each data element described in paragraph (1)(A) to the National Center for Education Statistics by March 1 of each year, beginning in the year 2000.

(b) STUDY.—

(1) IN GENERAL.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information about—

(A) expenditures for—

(i) faculty salaries and benefits;
(ii) administrative salaries, benefits, and expenses;
(iii) academic support services;
(iv) research;
(v) construction; and
(vi) technology;

(B) how such expenditures change over time; and
(C) how such expenditures relate to college costs.

(2) FINAL REPORT.—The National Center for Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2001.

(c) HIGHER EDUCATION MARKET BASKET.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall develop a Higher Education Market Basket that identifies the items that comprise the costs of higher education. The National Center for Education Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.

(d) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failure to provide the information described in subsection (a)(2) in a timely or accurate manner, or for failure to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under such subsection.

SEC. 487. [20 U.S.C. 1094] PROGRAM PARTICIPATION AGREEMENTS.

(a) * * *

* * * * * * *

[(A) the Secretary;

[(B) the appropriate State review entity designated under subpart 1 of part H;]

[(C)] *(B)* the appropriate guaranty agency; and

[(D)] *(C)* the appropriate accrediting agency or association.

* * * * * * *

(9) In the case of an institution participating in a program under [part B] *part B or D,* the institution will inform all eligible borrowers enrolled in the institution about the availability and eligibility of such borrowers for State grant assistance from the State in which the institution is located, and will inform such borrowers from another State of the source for further information concerning such assistance from that State.

* * * * * * *

(14)(A) The institution, in order to participate as an eligible institution under [part B] *part B or D*, will develop a Default Management Plan for approval by the Secretary as part of its initial application for certification as an eligible institution and will implement such Plan for two years thereafter.

(B) Any *for-profit* institution of higher education which changes ownership [and any eligible institution which] *or* changes it status as a parent or subordinate institution shall, in order to participate as an eligible institution under [part B] *part B or D,* develop a Default Management Plan for approval by the Secretary and implement such Plan for two years after its change of ownership or status.

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and [State review entities] *the State agencies* under subpart 1 of part H to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

* * * * * * *

[(21) The institution will meet the requirements established by the Secretary, State postsecondary review entities, and accrediting agencies pursuant to part H of this title.]

(21) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.

* * * * * * *

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the [State review entities referred to in] *appropriate State agency notifying the Secretary under* subpart 1 of part H; or

* * * * * * *

(4) The Secretary shall publish[, after consultation with each State review entity designated under subpart 1 of part H,] a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, [State review entities des-

ignated] *State agencies notifying the Secretary* under subpart 1 of part H, and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

* * * * * * *

[SEC. 487A. [20 U.S.C. 1094a] QUALITY ASSURANCE PROGRAM.

[(a) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

[(b) EXEMPTION FROM REQUIREMENTS.—The Secretary is authorized to exempt any institution participating in the Quality Assurance Program from any reporting or verification requirements in this title, and may substitute such quality assurance reporting as the Secretary deems necessary to ensure accountability and compliance with the purposes of the programs under this title.

[(c) REMOVAL FROM THE PROGRAM.—The Secretary is authorized to determine—

[(1) when an institution that is unable to administer the Quality Assurance Program must be removed from such program, and

[(2) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

[(d) EXPERIMENTAL SITES.—(1) The Secretary is authorized to select institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

[(2) The Secretary is authorized to exempt any institution participating as an experimental site from any requirements in this title, or in regulations prescribed under this title, that would bias experimental results.

[(e) DEFINITIONS.—For purposes of this section, "current award year" is defined as the award year during which the participating institution indicates its intention to cease participation.]

SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

(a) QUALITY ASSURANCE PROGRAM.—

(1) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems, including processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance

Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

(2) WAIVER.—The Secretary is authorized to waive for any institution participating in the Quality Assurance Program any regulations dealing with reporting or verification requirements in this title that are addressed by the institution's alternative management system, and may substitute such quality assurance reporting as the Secretary determines necessary to ensure accountability and compliance with the purposes of the programs under this title.

(3) DETERMINATION.—The Secretary is authorized to determine—

(A) when an institution that is unable to administer the Quality Assurance Program shall be removed from such program; and

(B) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

(4) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

(1) IN GENERAL.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of 1993 through 1998 under this section (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998), and shall submit a report based on this review and evaluation to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 6 months after the enactment of the Higher Education Amendments of 1998. Such report shall include—

(A) a list of participating institutions and the specific statutory or regulatory waivers granted to each institution;

(B) the findings and conclusions reached regarding each of the experiments conducted; and

(C) recommendations for amendments to improve and streamline this Act, based on the results of the experiment.

(2) SELECTION.—

(A) IN GENERAL.—The Secretary is authorized to select a limited number of institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regu-

lations or new management initiatives, except that additional institutions may not be selected by the Secretary until the report required by subsection (b)(1) has been submitted to Congress.

(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives and shall provide—

(i) a list of institutions proposed for participation in the experiment and the specific statutory or regulatory waivers proposed to be granted to each institution;

(ii) the objectives to be achieved through the experiment; and

(iii) the period of time over which the experiment is to be conducted.

(C) WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title, or regulations prescribed under this title, that will bias experimental results.

(c) DEFINITIONS.—For purposes of this section, the term 'current award year' is defined as the award year during which the participating institution indicates the institution's intention to cease participation.

* * * * * * *

SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

(a) PURPOSE.—It is the purpose of this section—

(1) to allow demonstration programs that are strictly monitored by the Department to test the quality and viability of expanded distance education programs currently restricted under this Act;

(2) to help determine the specific statutory and regulatory requirements which should be altered to provide greater access to high quality distance education programs; and

(3) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

(1) IN GENERAL.—The Secretary, in accordance with the provisions of subsection (d), is authorized to select institutions of higher education or consortia of such institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs that do not meet all or a portion of the sections or regulations described in paragraph (2).

(2) WAIVERS.—The Secretary is authorized to waive, for any institution or consortia participating in a Distance Education Demonstration Program, 1 or more of the requirements of section 472(5) as the section relates to computer costs, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of the regulations prescribed for distance education under part F or G.

(3) SPECIAL RULE.—An institution of higher education, as defined in section 481(a), is eligible to participate in the dem-

onstration program authorized under this section if such institution awards a degree, except that—

(A) such institutions that are described in section 481(a)(1)(C) shall not be eligible to participate; and

(B) subject to subparagraph (A), such institutions that meet the requirements of subsection (a) of section 481, other than the requirements of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate.

(c) APPLICATION.—

(1) IN GENERAL.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

(2) CONTENTS.—Each application shall include—

(A) a description of the institution or consortium's consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

(B) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

(C) a description of the distance education programs to be offered;

(D) a description of the students to whom distance education programs will be offered;

(E) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

(F) such other information as the Secretary may require.

(d) SELECTION.—The Secretary is authorized to select not more than 5 institutions or consortia to participate in the initial year of the demonstration program authorized under this section. If expansion of the demonstration program can be supported on the basis of the evaluations conducted pursuant to subsections (f) and (g), the Secretary may select not more than 10 additional institutions or consortia, taking into account the number and quality of applications received and the Department's capacity to oversee and monitor each demonstration program. To the extent feasible, the Secretary shall select a representative sample of institutions for participation. In selecting institutions for participation, the Secretary shall take into consideration the institution's financial and administrative capability and the type of program or programs being offered via distance education course offerings.

(e) NOTIFICATION.—The Secretary shall make available to the public and to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution or consortia and a description of the distance education courses to be offered.

(f) EVALUATIONS AND REPORTS.—

(1) EVALUATION.—The Secretary, on an annual basis, shall evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

(A) the number and types of students participating in the programs being offered, including the progress of participating students toward recognized associate, bachelor's, or graduate degrees, and the degree to which participation in such programs increased;

(B) issues related to student financial assistance for distance education; and

(C) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance learning and other nontraditional methods of expanding access to education.

(3) REPORTS.—

(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to—

(i) the evaluations of the demonstration programs authorized under this section; and

(ii) any proposed statutory changes designed to enhance the use of distance education.

(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives on an annual basis regarding the demonstration programs authorized under this section.

(g) INDEPENDENT EVALUATION.—

(1) IN GENERAL.—The Secretary shall enter into a contract with the National Academy of Sciences to study the quality of and student learning outcomes in distance education programs. Such study shall include—

(A) identification of the elements by which quality in distance education can be assessed, such as subject matter, interactivity, and student outcomes; and

(B) identification of the types of students which can most benefit from distance education in areas such as access to higher education, persistence, and graduation.

(2) SCOPE.—Such study shall include distance education programs offered by the institutions or consortia participating in the demonstration program authorized by this section, as well as the distance education programs offered by other institutions.

(3) INTERIM AND FINAL REPORTS.—The Secretary shall request that the National Academy of Sciences submit an interim report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than Decem-

ber 31, 2000, and a final report not later than December 31, 2002, regarding the study.

(4) FUNDING.—The Secretary shall make available not more than $1,000,000 for the study required by this subsection.

(h) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

(1) assure compliance of institutions or consortia with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

(2) provide technical assistance;

(3) monitor fluctuations in the student population enrolled in the participating institutions or consortia; and

(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

(i) DEFINITION.—For the purpose of this section, the term "distance learning" means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance learning may include courses offered principally through the use of—

(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

(2) audio or computer conferencing;

(3) video cassettes or discs; or

(4) correspondence.

* * * * * * *

SEC. 491. [20 U.S.C. 1098] ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

(a) * * *

* * * * * * *

(b) INDEPENDENCE OF ADVISORY COMMITTEE.—In the exercise of its functions, powers, and duties, the Advisory Committee shall be independent of the Secretary and the other offices and officers of the Department. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations **[**and expenditures**]**, *expenditures and staffing levels* personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. *Reports, publications, and other documents, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary.* Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. The recommendations of the Committee shall not be subject to review or approval by any officer in the executive branch, but may be submitted to the Secretary for comment prior to submission to the Congress in accordance with

subsection (f). The Secretary's authority to terminate advisory committees of the Department pursuant to section 448(b) of the General Education Provisions Act ceased to be effective on June 23, 1983.

* * * * * * *

(e) * * *

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(3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee.

[(3)**]***(4)* The Advisory Committee shall elect a Chairman and a Vice Chairman from among its members.

[(4)**]***(5)* Six members of the Advisory Committee shall constitute a quorum.

[(5)**]***(6)* The Advisory Committee shall meet at the call of the Chairman or a majority of its members.

* * * * * * *

(g) COMPENSATION AND EXPENSES.—**[**(1) Members of the Advisory Committee who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(2) Members of the Advisory Committee who are not officers or full-time employees of the United States may**]** *Members of the Advisory Committee may* each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(h) PERSONNEL AND RESOURCES.—(1) The Advisory Committee may appoint such personnel as many be *determined* necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS–18 of the General Schedule *The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.*

* * * * * * *

(i) AVAILABILITY OF FUNDS.—In each fiscal year not less than **[**$750,000**]** *$800,000*, shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

[(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

[(1) monitor and evaluate the program modifications resulting from the enactment of the Higher Education Amendments of 1992, especially as such amendments relate to the need analysis;

[(2) monitor and evaluate the implementation, pursuant to section 483, of a Free Application for Federal Student Aid and the process for determining eligibility and awards for programs under this title, including a simplified reapplication process;

[(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students; and

[(4) assess the adequacy of methods of monitoring student debt burden.]

(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advisory Committee shall—

(1) monitor and evaluate the modernization of student financial aid systems and delivery processes, including the implementation of a performance-based organization within the Department, and report to Congress regarding such modernization on not less than an annual basis, including recommendations for improvement;

(2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year secondary school students;

(3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation;

(4) assess the implications of distance learning on student eligibility and other requirements for financial assistance under this title, and make recommendations that will enhance access to postsecondary education through distance learning while maintaining access, through on-campus instruction at eligible institutions, and program integrity; and

(5) make recommendations to the Secretary regarding redundant or outdated provisions of and regulations under this Act, consistent with the Secretary's requirements under section 498A(b)(3).

(k) TERM OF THE COMMITTEE.—Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, [1998] *2004*.

[(l) STUDENT LOAN PROGRAM SIMPLIFICATION STUDY.—(1) The Advisory Committee shall conduct a thorough study of means of simplifying all aspects of the loan programs under part B of this title. In carrying out the study, the Advisory Committee shall examine, at a minimum—

[(A) reduction of paperwork burdens experienced by financial aid administrators resulting from the current structure of such loan programs;

[(B) promotion of simplification and standardization of forms, procedures, and all other aspects of guaranty agency operations for the purpose of facilitating data exchanges with such agencies (including the National Student Loan Database) and facilitating Department of Education oversight;

[(C) simplification of the repayment process to minimize borrower confusion, including encouragement of single holder ownership of all of an individual's loans;

[(D) encouragement of efficient utilization of loan programs to minimize multiple program borrowing in postsecondary education; and

(E) other proposals which are designed to reduce the administrative burdens on, and paperwork required of, students, educational institutions, guaranty agencies, lenders, secondary markets, and the Secretary submitted in response to a general solicitation by the Advisory Committee.

[(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

[(3) The Advisory Committee shall, not later than 1 year after the date of enactment of this Act, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report on the study required by this subsection.]

SEC. 492. [20 U.S.C. 1098a] REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

(a) MEETINGS.—

(1) IN GENERAL.—The Secretary*, after the enactment of each Act to reauthorize this Act that contains an amendment to this title,* shall convene regional meetings to obtain public involvement in the development of proposed regulations for parts B, *D*, G, and H of this title. Such meetings shall include individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

(2) ISSUES.—During such meetings, the Secretary shall provide for a comprehensive discussion and exchange of information concerning the implementation of parts B, *D*, G, and H, as amended by the Higher Education Amendments of [1992] *1998, and for the implementation of this title as amended by each Act to reauthorize this Act enacted after the date of enactment of the Higher Education Amendments of 1998 that contains an amendment to this title*. The Secretary shall take into account the information received at such meetings in the development of proposed regulations and shall publish a summary of such information in the Federal Register together with such proposed regulations.

(b) DRAFT REGULATIONS. [After] *(1) IN GENERAL.*— After holding regional meetings and before publishing proposed regulations in the Federal Register, the Secretary shall prepare draft regulations implementing parts B, *D*, G, and H of this title as amended by the Higher Education Amendments of [1992] *1998, and for the implementation of this title as amended by each Act to reauthorize this Act enacted after the date of enactment of the Higher Education Amendments of 1998 that contains an amendment to this title,* and shall submit such regulations to a negotiated rulemaking process. The Secretary shall follow the guidance provided in sections 305.82–4 and 305.85–5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law. Participants in the negotiations process shall be chosen by the Secretary from individuals nominated by groups participating in the regional meetings described in subsection (a)(1), and shall include both representatives of such groups from Washington, D.C., and industry participants. To the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets. The negotiation process shall be conducted in a timely manner in order that the final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act.

(2) EXPANSION OF NEGOTIATED RULEMAKING IN STUDENT LOAN PROGRAMS.—All regulations pertaining to the student assistance programs in parts B, D, G, and H, that are promulgated after the date of enactment of this paragraph, shall be subject to the negotiated rulemaking process, unless the Secretary determines that exceptional circumstances exist making negotiated rulemaking impractical with respect to given regulations and publishes the basis for such determination in the Federal Register at the same time as the proposed regulations in questions are first published. All published proposed regulations shall conform, unless impracticable, to agreements resulting from such negotiated rulemaking. Such negotiated rulemaking shall be conducted in accordance with the provisions of paragraph (1).

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PART H—PROGRAM INTEGRITY TRIAD

[Subpart 1—State Postsecondary Review Program]

Subpart 1—State Role

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SEC. 495. STATE RESPONSIBILITIES.

(a) STATE RESPONSIBILITIES.—As part of the integrity program authorized by this part, each State, through 1 State agency or several State agencies selected by the State, shall—

(1) furnish the Secretary, upon request, information with respect to the process for licensing or other authorization for institutions of higher education to operate within the State;

(2) notify the Secretary promptly whenever the State revokes a license or other authority to operate an institution of higher education; and

(3) notify the Secretary promptly whenever the State has credible evidence that an institution of higher education within the State—

(A) has committed fraud in the administration of the student assistance programs authorized by this title; or

(B) has substantially violated a provision of this title.

(b) INSTITUTIONAL RESPONSIBILITY.—Each institution of higher education shall provide evidence to the Secretary that the institution has authority to operate within a State at the time the institution is certified under subpart 3.

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Subpart 2—Accrediting Agency [Approval] *Recognition*

SEC. 496. [20 U.S.C. 199b] [APPROVAL] *RECOGNITION* OF ACCREDITING AGENCY OR ASSOCIATION.

(a) [STANDARDS] *CRITERIA REQUIRED*.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets [standards] *criteria* established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish [standards] *criteria* for such determinations. Such [standards] *criteria* shall include an appropriate measure or measures of student achievement. Such [standards] *criteria* shall require that—

(4) such agency or association consistently applies and enforces standards that ensure that the courses or programs of instruction, training, or study [at the institution] *offered by the institution* of higher education, *including distance education courses or programs,* are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered;

* * * * * * *

(5) The standards of accreditation of the agency or association assess the institution's—

"(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;

[(A)] *(B)* curricula;

[(B)] *(C)* faculty;

[(C)] *(D)* facilities, equipment, and supplies;

[(D)] *(E)* fiscal and administrative capacity as appropriate to the specified scale of operations;

[(E)] *(F)* student support services;

[(F)] *(G)* recruiting and admissions practices, academic calendars, catalogs, publications, grading and advertising;

[(G)] *(H)* program length and tuition and fees in relation to the subject matters taught and the objectives of the degrees or credentials offered;

[(H)] *(I)* measures of program [length in clock hours or credit hours;]

[(I) success with respect to student achievement in relation to its mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;]

* * * * * * *

(L) *record of* compliance with its program responsibilities under title IV of this [Act, including any] *Act based on* the results of financial or compliance audits, program reviews, and *any* such other information as the Secretary may provide to the agency or association;

except that subparagraphs [(G),] (H), (I), (J), and (L) shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection;

* * * * * * *

(l) LIMITATION, SUSPENSION OR TERMINATION OF APPROVAL.—[(1) The Secretary shall limit, suspend, or terminate the approval of an accrediting agency or association if the Secretary determines, after notice and opportunity for a hearing, that the accrediting agency or association has failed to apply effectively the standards or operate according to the procedures provided in this section.]

(1)(A)(i) If the Secretary determines that an accrediting agency or association has failed to apply effectively the standards in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

(I) after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association; or

(II) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

(aa) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

(bb) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association.

* * * * * * *

(3) The Secretary shall consider all available relevant information concerning the compliance of the accrediting agency or association with the standards provided for in this section, including any complaints or legal actions against such agency or association. In cases where deficiencies in the performance of

an accreditation agency or association with respect to the requirements of this section are noted, the Secretary shall take these deficiencies into account in the approval process. The Secretary shall not, under any circumstances, base decisions on the approval or disapproval of accreditation agencies on associations or standards other than those contained in this section. *"When the Secretary decides to recognize an accrediting agency or association, the Secretary shall determine the agency or association's scope of recognition. If the agency or association reviews institutions offering distance education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs.*

* * * * * * *

Subpart 3—Eligibility and Certification Procedures

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(A) GENERAL REQUIREMENT.—* * *

* * * * * * *

(1) requires sufficient information and documentation to determine that the requirements of eligibility, accreditation, and [and capability] *financial responsibility, and administrative capability* of the institution of higher education are met;

* * * * * * *

[(3) requires a description of third party servicers of an institution of higher education, together with a copy of any contract with the institution of higher education and a financial aid service provider or loan servicer; and]

(3) requires—

"(A) a description of the third party servicers of an institution of higher education; and

(B) the institution to maintain a copy of any contract with a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request;

(4) requires such other information as the Secretary determines will ensure compliance with the requirements of this title with respect to eligibility, accreditation, administrative capability and financial responsibility[.] *; and*

(5) provides, at the option of the institution, for participation in 1 or more of the programs under part B or part D.

(c) * * *

* * * * * * *

(2) Notwithstanding paragraph (1), if an institution fails to meet criteria prescribed by the Secretary [with respect to operating losses, net worth, asset-to-liabilities ratios, or operating fund deficits] *regarding ratios that demonstrate financial re-*

sponsibility, then the institution shall provide the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to for profit and nonprofit institution. The Secretary shall take into account an instutition's total financial circumstances in making a determination of its ability to meet the standards herein required.

* * * * * * *

(A) such institution submits to the [Secretary third-party financial guarantees, such as performance bonds or letters of credit payable to the Secretary] *Secretary any third party guarantees, which the Secretary determines are reasonable, that*, which third-party financial guarantees shall equal not less than one-half of the annual potential liabilities of such institution to the Secretary for funds under this title, including loan obligations discharged pursuant to section 437, and to students for refunds of institutional charges, including funds under this title;

* * * * * * *

(4) If an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree fails to meet the [ratio of current assets or current liabilities] *criteria* imposed by the Secretary pursuant to paragraph (2), the Secretary shall waive that particular requirement for that institution if the institution demonstrates to the satisfaction of the Secretary that—

* * * * * * *

(C) it has substantial equity in school-occupied facilities, the acquisition of which was the direct cause of its failure to meet the [current operating ratio requirement] *criteria*.

* * * * * * *

(e) FINANCIAL GUARANTEES FROM OWNERS OF *FOR-PROFIT INSTITUTIONS.*—(1) Notwithstanding any other provision of law, the Secretary may, to the extent necessary to protect the financial interest of the United States, require—

(A) financial guarantees [from an] *from a for-profit* institution participating, or seeking to participate, in a program under this title, or from one or more individuals who the Secretary determines, in accordance with paragraph (2), exercise substantial control over such institution, or both, in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability to the Federal Government, student assistance recipients, and other program participants for funds under this title; and

* * * * * * *

(2)(A) The Secretary may determine that an individual exercises substantial control over one or more *for-profit* institutions

participanting in a program under this title if the Secretary determines that—

* * * * * * *

(B) The Secretary may determine that an entity exercises substantial control over one or more *for-profit* institutions participating in a program under this title if the Secretary determines that the entity directly or indirectly holds a substantial ownership interest in the institution.

(3) For purposes of this subsection, an ownership interest is defined as a share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the [operation of, an institution or] *operation of, a for-profit institution or the* institution's parent corporation. An ownership interest may include, but is not limited to—

* * * * * * *

(f) ACTIONS ON APPLICATIONS[; SITE VISITS AND FEES *AND SITE VISITS.*—The Secretary shall ensure that prompt action is taken by the Department on any application required under subsection (b). The personnel of the Department of Education [shall] *may* conduct a site visit at each institution before certifying or recertifying its eligibility for purposes of any program under this title. The Secretary may establish priorities by which institutions are to receive site visits, and [may] *shall* coordinate such visits with site visits by States, guaranty agencies, and accrediting bodies in order to eliminate duplication, and reduce administrative burden. [The Secretary may charge reasonable fees to cover the expenses of certification and site visits and, to the extent permitted by appropriations Acts, may retain such fees to cover such expenses.]

[(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—(1) The eligibility for the purposes of any program authorized under this title of any institution that is participating in any such program on the date of enactment of the Higher Education Amendments of 1992 shall expire in accordance with the schedule prescribed by the Secretary in accordance with paragraph (2), but not later than 5 years after such date of enactment.

[(2) The Secretary shall establish a schedule for the expiration of the eligibility for purposes of any such program of all institutions of higher education within the 5-year period specified in paragraph (1). Such schedule shall place a priority for the expiration of the certification of institutions on those that meet the following criteria:

[(A) institutions subject to review by a State postsecondary review entity pursuant to subpart 1 of part H; or

[(B) other categories of institutions which the Secretary deems necessary.

[(3) After the expiration of the certification of any institution under the schedule prescribed under this subsection, or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 4 years.]

(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

"(1) GENERAL RULE.—After the expiration of the certification of any institution under the schedule prescribed under this section (as in effect prior to the enactment of the Higher Education Act Amendments of 1998), or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

(2) NOTIFICATION.—The Secretary shall notify each institution of higher education not later than 6 months prior to the date of the expiration of the institution's certification.

(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of section 481(a)(1)(C) and received less than $500,000 in funds under part B for the most recent year for which data are available.

(h) * * *

* * * * * * *

(ii) there is a complete or partial change of ownership, as defined under subsection (i), of [an eligible] *a for-profit eligible* institution; or

* * * * * * *

(2) Whenever the Secretary withdraws [the approval] *the recognition* of any accrediting agency, an institution of higher education which meets the requirements of accreditation, eligibility, and certification on the day prior to such withdrawal, the Secretary may, notwithstanding the withdrawal, continue the eligibility of the institution of higher education to participate in the programs authorized by this title for a period not to exceed 18 months from the date of the withdrawal of approval.

* * * * * * *

(i) TREATMENT OF CHANGES OF OWNERSHIP OF *FOR-PROFIT INSTITUTIONS.*— (1) An eligible institution of higher education that has had a change in ownership resulting in a change of control shall not qualify to participate in programs under this title after the change in control (except as provided in paragraph (3)) unless it establishes that it meets the requirements of section 481 (other than the requirements in subsections (b)(5) and (c)(3)) and this section after such change in control.

* * * * * * *

(2) An action resulting in a change in control may include (but is not limited to)—

(A) the sale of the *for-profit* institution or the majority of its assets;

* * * * * * *

(C) the merger of [two] *a for-profit institution with one* or more eligible institutions;

(D the division of one or more *for-profit* institutions into two or more institutions;

(E) the transfer of the controlling interest of stock of the institutions to its parent corporation; or

(F) the transfer of the liabilities of the *for-profit* institution to its parent corporation.

* * * * * * *

(j) TREATMENT OF BRANCHES.—(1) A branch of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, shall be certified under this subpart before it may participate as part of such institution in a program under this title, except that such branch shall not be required to meet the requirements of sections 481(b)(5) and 481(c)(3) prior to seeking such certification. Such branch is required to be in existence at least 2 years *after the branch is certified by the Secretary as a branch campus participating in a program under title IV,* prior to seeking certification as a main campus or free-standing institution.

(2) The Secretary may waive the requirement of section [1201(a)(2)] *101(a)(2)* for a branch that (A) is not located in a State, (B) is affiliated with an eligible institution, and (C) was participating in one or more programs under this title on or before January 1, 1992.

SEC. 498A. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—* * *

* * * * * * *

(2) [may] *shall* give priority for program review to institutions of higher education that are—

* * * * * * *

[(C) institutions with a significant fluctuation in Federal Stafford Loan volume or Federal Pell Grant awards, or both, in the year for which the determination is made compared to the year prior to such year;]

(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;

[(D) institutions reported to have deficiencies or financial aid problems by the appropriate State postsecondary review entity designated under subpart 1 of this part or by the appropriate accrediting agency or association;]

(D)*institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;*

(E) institutions with high annual dropout rates; *and*

[(F) any institution which is required to be reviewed by a State postsecondary review entity pursuant to subpart 1 of part H under section 494C(b); and

[(G) such other institutions as the Secretary deems necessary; and]

(F) *such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; and*

* * * * * * *

(A) all *relevant* information available to the Department;

* * * * * * *

[(b) SPECIAL ADMINISTRATIVE RULES.—In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education.

[(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.]

(b) SPECIAL ADMINISTRATIVE RULES.—

(1) IN GENERAL.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

(B) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

(C) permit the institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

(D) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; and

(E) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432.

(2) UNIFORMITY OF APPLICATION OF REGULATIONS.—The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

(3) NONDUPLICATION AND COORDINATION.—The Secretary shall establish a process for ensuring that eligibility and compliance issues, such as institutional audit, program review, and recertification, are considered simultaneously, and shall establish a process for identifying unnecessary duplication of reporting and related regulatory requirements. In developing such processes, the Secretary shall consult with relevant representa-

tives of institutions participating in the programs authorized by this title.

* * * * * * *

PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

(a) ESTABLISHMENT.—The Secretary shall establish in the Department a performance-based organization (hereafter in this part referred to as the "PBO") to administer various functions relating to student financial assistance programs authorized under this title.

(b) OVERSIGHT AND AUTHORITY.—

(1) POLICY OVERSIGHT AND DIRECTION.—The Secretary shall maintain responsibility for the policy relating to functions managed by the PBO, and the PBO shall remain subject to the Secretary's oversight and direction.

(2) AUDITS AND REVIEW.—The PBO shall be subject to the usual and customary Federal audit procedures and to review by the Inspector General of the Department.

(3) CHANGES.—

(A) IN GENERAL.—The Secretary and the Chief Operating Officer shall consult concerning the effects of policy, market, or other changes on the ability of the PBO to achieve the goals and objectives established in the performance plan described in subsection (e).

(B) REVISIONS TO AGREEMENT.—The Secretary and the Chief Operating Officer may revise the annual performance agreement described in subsection (f)(2) in light of policy, market, or other changes that occur after the Secretary and the PBO enter into the agreement.

(c) PURPOSES OF PBO.—The purposes of the PBO are—

(1) to improve service to students and other participants in the student financial assistance programs authorized under this title, including making those programs more understandable to students and their parents;

(2) to reduce the costs of administering those programs;

(3) to increase the accountability of the officials responsible for administering those programs;

(4) to provide greater flexibility in the administration of those programs;

(5) to improve and integrate the information and delivery systems that support those programs; and

(6) to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to ensure program integrity.

(d) FUNCTIONS.—

(1) IN GENERAL.—Subject to subsection (b) of this section, the PBO shall be responsible for administration of the information and financial systems that support student financial assistance programs authorized under this title, including—

(A) collecting, processing, and transmitting applicant data to students, institutions, and authorized third parties, as provided for in section 483;

(B) contracting for the information and financial systems supporting student financial assistance programs under this title;

(C) developing technical specifications for software and systems that support those programs; and

(D) providing all customer service, training, and user support related to systems that support those programs.

(2) ADDITIONAL FUNCTIONS.—The Secretary may allocate to the PBO such additional functions as the Secretary determines necessary or appropriate to achieve the purposes of the PBO.

(e) PERFORMANCE PLAN AND REPORT.—

(1) PERFORMANCE PLAN.—

(A) IN GENERAL.—Each year, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

(B) CONSULTATION.—In developing the 5-year performance plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of higher education, Congress, lenders, and other interested parties not less than 30 days prior to the implementation of the performance plan.

(C) AREAS.—The plan shall address the PBO's responsibilities in the following areas:

(i) IMPROVING SERVICE.—Improving service to students and other participants in student financial aid programs authorized under this title, including making those programs more understandable to students and their parents.

(ii) REDUCING COSTS.—Reducing the costs of administering those programs.

(iii) IMPROVEMENT AND INTEGRATION OF SUPPORT SYSTEMS.—Improving and integrating the information and delivery systems that support those programs.

(iv) DELIVERY AND INFORMATION SYSTEM.—Developing an open, common, and integrated delivery and information system for programs authorized under this title.

(v) OTHER AREAS.—Any other areas identified by the Secretary.

(2) ANNUAL REPORT.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year.

(f) CHIEF OPERATING OFFICER.—

(1) APPOINTMENT.—

(A) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed

by the Secretary to a term of not less than 3 and not more than 5 years and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code.

(B) BASIS.—The appointment shall be made on the basis of demonstrated ability in management and experience in information technology or financial services, without regard to political affiliation or activity.

(C) REAPPOINTMENT.—The Secretary may reappoint the Chief Operating Officer to subsequent terms of not less than 3 and not more than 5 years, so long as the performance of the Chief Operating Officer, as set forth in the performance agreement described in paragraph (2), is satisfactory.

(2) PERFORMANCE AGREEMENT.—

(A) IN GENERAL.—Each year, the Secretary and the Chief Operating Officer shall enter into an annual performance agreement, that shall set forth measurable organization and individual goals for the Chief Operating Officer.

(B) TRANSMITTAL.—The final agreement shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

(3) COMPENSATION.—

(A) IN GENERAL.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title.

(B) BONUS.—In addition, the Chief Operating Officer may receive a bonus in an amount that does not exceed 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

(C) PAYMENT.—Payment of a bonus under this subparagraph (B) may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

(4) REMOVAL.—The Chief Operating Officer shall be removable—

(A) by the President; or

(B) by the Secretary for misconduct or failure to meet the goals set forth in the performance agreement described in paragraph (2).

(g) SENIOR MANAGEMENT.—

(1) APPOINTMENT.—

(A) IN GENERAL.—The Chief Operating Officer may appoint such senior managers as that officer determines necessary without regard to the provisions of title 5, United

States Code, governing appointments in the competitive service.

(B) COMPENSATION.—The senior managers described in subparagraph (A) may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) PERFORMANCE AGREEMENT.—Each year, the Chief Operating Officer and each senior manager appointed under this subsection shall enter into an annual performance agreement that sets forth measurable organization and individual goals.

(3) COMPENSATION.—

(A) IN GENERAL.—A senior manager appointed under this subsection may be paid at an annual rate of basic pay of not more than the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5.

(B) BONUS.—In addition, a senior manager may receive a bonus in an amount such that the manager's total annual compensation does not exceed 125 percent of the maximum rate of basic pay for the Senior Executive Service, including any applicable locality-based comparability payment, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

(4) REMOVAL.—A senior manager shall be removable by the Secretary or by the Chief Operating Officer.

(h) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall allocate from funds made available under section 458 such funds as are appropriate to the functions assumed by the PBO. In addition, there are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section, including transition costs.

[TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT]

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

[SEC. 500. [20 U.S.C. 1101] FINDINGS AND PURPOSES.

[(a)Findings.—The Congress finds that—

[(1) teachers in the classroom are the men and women who must play an integral role in leading our Nation's schools into the 21st century;

[(2) we should encourage individuals to enter the education profession so that our teaching force is representative both of the diversity of our Nation and of the tremendous talents and skills of our citizens;

[(3) the methods used to prepare prospective teachers and the continuing education and support provided to practicing

teachers have a significant influence on the effectiveness of classroom teachers;

[(4) the postsecondary education of education professionals has not been linked to local, State and national goals and standards;

[(5) the inservice and continuing professional development of educators has not promoted systematic and sustained improvement of the education system;

[(6) State educational agencies have not been funded and staffed adequately to carry out a mission of supporting a process to achieve local, State, or national goals and standards;

[(7) in order to encourage more women and underrepresentated minorities to enter the fields of science and mathematics and succeed in these fields, we must provide proper training for existing mathematics and science teachers and recruit women and underrepresented minorities as teachers in these fields;

[(8) educators must have the expertise and the support that allow them to adapt to the changing environment in our schools and to the evolving skills required of our schools' graduates; and

[(9) the Federal Government plays an essential role in providing support to educator training and professional development that will enable teachers to be classroom leaders and administrators to be school leaders at the forefront of reforming our Nation's schools.

[(b) PURPOSE.—It is the purpose of this title—

[(1) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills;

[(2) to provide assistance for professional development activities enabling teachers, school administrators, and institutions of higher education to work collaboratively to improve educational performance through school reform and restructuring;

[(3) to address the Nation's teacher shortage, particularly in areas where there are heavy concentrations of low-income students, by encouraging talented persons, including the individuals already employed as school paraprofessionals and individuals who have been employed in other areas of endeavor, to enter the teaching profession;

[(4) to encourage academically qualified students to become teachers through scholarship assistance;

[(5) to support the recruitment of underrepresented populations into teaching careers;

[(6) to provide scholarship assistance to encourage women and minorities who are underrepresented in the fields of science and mathematics to enter the teaching professional in these fields;

[(7) to encourage the establishment and maintenance of programs that provide professional teacher preparation to individuals who are moving to careers in education from other occupations;

[(8) to promote partnerships between institutions of higher education and local educational agencies for the purpose of promoting the simultaneous restructuring and renewal of elemen-

tary and secondary schools and college-based teacher education programs;

[(9) to improve the leadership and administrative skills of elementary and secondary school administrators;

[(10) to provide assistance to schools of education in institutions of higher education in order to reform teacher education programs by encouraging new developments in teacher preparation which provide for greater integration of subject matter and pedagogical training and which prepare classroom teachers to effectively meet changing noneducational challenges in the schools; and

[(11) to promote high quality child development and early childhood education specialist training programs, including preschool and early intervention services for infants and toddlers with disabilities.]

SEC. 500. PURPOSE.

It is the purpose of this title—

(1) to authorize national graduate fellowship programs—

(A) in order to attract students of superior ability and achievement, exceptional promise, and demonstrated financial need, into high-quality graduate programs and provide the students with the financial support necessary to complete advanced degrees; and

(B) that are designed to—

(i) sustain and enhance the capacity for graduate education in areas of national need; and

(ii) encourage talented students to pursue scholarly careers in the humanities, social sciences, and the arts; and

(2) to promote postsecondary programs.

[PART A—STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE

[SEC. 501. [20 U.S.C. 1102] AUTHORITY AND ALLOCATION OF FUNDS; DEFINITIONS.

[(a) PURPOSE AND AUTHORITY.—

[(1) PURPOSE.—It is the purpose of this part to provide funds to State educational agencies, local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers, including preschool and early childhood education specialists and school administrators, to establish State academies for teachers and school leaders, and to provide for a comprehensive examination of State requirements for teacher preservice and certification.

[(2) PROGRAM AUTHORIZED.—The Secretary is authorized to make allotments to State educational agencies for the purposes of enhancing and improving the quality of teaching, including early childhood education, in each of the several States.

[(b) ALLOTMENT OF FUNDS.—

[(1) IN GENERAL.—From the funds appropriated in each fiscal year pursuant to section 510A, the Secretary shall allot to each State—

[(A) 50 percent of such funds on the basis of the number of individuals in the State aged 5 through 17 compared to the number of all such individuals in all States; and

[(B) 50 percent of such funds on the basis of the amount the State receives under sections 1005 and 1006 of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 compared to the total amount that all States receive under such sections.

[(2) ALLOCATIONS FROM STATE ALLOTMENTS.—

[(A)(i) Except as provided in subsection (c), from the amount allotted to each State in each State in each fiscal year pursuant to paragraph (1) and not reserved pursuant to subparagraph (B)(i), the State education agency shall allocate 50 percent of such amount in accordance with clause (ii) to local educational agencies to carry out the activities described in section 503.

[(ii) The State educational agency shall allocate 50 percent of the amount allotted to the State in each fiscal year under paragraph (1) so that—

[(I) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the enrollments in public schools within the State; and

[(II) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the State's allocation of funds under sections 1005 and 1006 of the Elementary and Secondary Education Act of 1965, except that any local educational agency that would receive an allocation of less than $10,000 shall be required to form a consortium with at least one other local educational agency in order to receive an allocation under this part. In making allocations under this part, the State educational agency shall use the most recent data available.

[(B)(i) From the amount allotted to each State in each fiscal year pursuant to paragraph (1) the State educational agency shall reserve not more than 3 percent of such funds for the purposes of administering the program under this title, including evaluation and dissemination activities.

[(ii) From the amount allotted to each State in each fiscal year under paragraph 91) and not reserved pursuant to clause (i), the State educational agency—

[(I) shall reserve not more than 25 percent of such funds to carry out sections 504, 505, and 506; and

[(II) shall reserve not more than 25 percent of such funds to award grants to institutions of higher education in accordance with sections 507 and 508.

[(c) SPECIAL RULE.—Notwithstanding the provisions of subsection (b)(2)(A), if the amount appropriated to carry out this part for any fiscal year is less than $250,000,000, then each State educational agency shall use 50 percent of the amount allotted to such State under paragraph (1) and not reserved pursuant to subsection

(b)(2)(B)(i) to award grants to local educational agencies on a competitive basis.

[(d) REALLOTMENT.—If a State or local educational agency elects not to receive assistance under this part in any fiscal year or the Secretary determines in any fiscal year that a State or local educational agency will not be able to use all or any portion of the funds available to such State or local educational agency under this part, then the Secretary shall reallot such funds. The Secretary shall reallot such funds in such fiscal year in accordance with the provisions of this part among the States or local educational agencies who are eligible for assistance under this part and are not described in the preceding sentence.

[(e) DEFINITIONS.—For purposes of this part—

[(1) the term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Republic of Palau (until the Compact of Free Association takes effect pursuant to section 101(a) of Public Law 99–658); and

[(2) the term "key academic subjects" means English, mathematics, science, history, geography, foreign languages, civics and government, and economics.

[SEC. 502 [20 U.S.C. 1102a] STATE APPLICATION.

[(a) IN GENERAL.—Any State which desires to receive an allotment under this part shall submit to the Secretary an application which—

[(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

[(2) provides for a process of active discussion and consultation with a committee, convened by the chief State school officer, which is broadly representative of the following educational interests within the State, including—

[(A) a representative nominated by each of the following:

[(i) the State teacher organizations;

[(ii) the organizations representing preschool and early childhood education specialists;

[(iii) the State school administrators organization;

[(iv) the State parents organizations;

[(v) the State business organizations; and

[(vi) the State student organizations;

[(B) a representative from the State board of education;

[(C) a representative of faculty from departments, schools or colleges of educations;

[(D) other representatives of institutions of higher education, including community colleges;

[(E) the State director of vocational education; and

[(F) the State director of special education;

[(3) describes the competitive process that the State will use to distribute funds among local educational agencies pursuant to section 501(c);

[(4) describes the process the State will use to conduct the assessment required by section 504(c);

[(5) describes how the State will allocate funds among activities required under section 504;

[(6) with respect to the State academies to be established under sections 505 and 506—

[(A) describes the academies to be established under this part and the goals and objectives for each such academy;

[(B) describes how the academies assisted under this part shall relate to the overall plan for the attainment of the national education goals by the State;

[(C) describes the competitive process that shall be used to select applicants to operate the academies assisted under this part;

[(D) assures that the Academies for Teachers shall provide instruction in the key academic subjects;

[(E) assures that the State shall continue to operate the academies assisted under this part when Federal funds provided pursuant to this title are no longer available;

[(F) assures that Federal funds provided under this part shall not be used for construction of new facilities or substantial remodeling;

[(G) assures that the Academies for Teachers shall provide activities designed to enhance the ability of teachers to work with special educational populations, including—

[(i) limited-English proficient children;

[(ii) children with disabilities;

[(iii) economically and educationally disadvantaged children; and

[(iv) gifted and talented children; and

[(H) contains such other assurances and information as the Secretary may reasonably require;

[(7) describes the competitive process that the State will use to distribute funds among institutions of higher education pursuant to section 507;

[(8) describes a plan to promote learning among the State educational agency staff in order to support and facilitate systemic improvement of the State educational agency, schools or colleges of education at institutions of higher education, and local educational agencies; and

[(9) includes such other information and assurances as the Secretary may require.

[(b) FUNCTIONS OF COMMITTEE.—The application required by subsection (a) shall identify the procedures by which the committee required by paragraph (2) of such subsection will be engaged in—

[(1) ensuring that activities assisted under this part are effective, coordinated with other State, local, and Federal activities and programs, and meet the needs of the State for improving the quality of teaching and teacher education programs, including those programs concerned with preschool education and the training of early childhood education specialists, and school leadership programs;

[(2) advising the State on criteria for awarding funds under sections 501(c), 505, 506, and 507; and

[(3) advising the State on criteria for approving local educational agency applications under section 503(a).

[(c) EVALUATION AND REPORT.—

[(1) REPORT TO SECRETARY.—Each State educational agency receiving an allotment under this part shall evaluate the work of each academy that is located in the State and assisted under this part every 2 years, including the impact of each academy's programs on participants, and report the findings of such evaluation to the Secretary. The initial report shall be submitted 3 years after funds are first allotted to such State educational agency under section 501 and subsequent reports shall be submitted every 2 years thereafter. Such report shall also describe the characteristics of the participants and activities provided at each academy assisted under this part.

[(2) REPORT TO CONGRESS.—The Secretary shall submit to the Congress a summary of the reports required under subsection (a). The initial summary shall be submitted 60 days after the due date of the first report described in subsection (a) and subsequent summaries shall be submitted every 2 years thereafter.

[SEC. 503. [20 U.S.C. 1102b] LOCAL APPLICATION AND USE OF FUNDS.

[(a) LOCAL APPLICATION.—Any local educational agency which desires to receive assistance under section 501(b)(2)(A) or 501(c) shall submit to the State educational agency an application which—

[(1) describes the needs of such local educational agency with respect to inservice training programs for teachers and preschool and early childhood education specialists pursuant to the assessment conducted under subsection (b)(2)(A), and, if appropriate, describes the need of such local educational agency for teacher recruitment, business partnerships, outreach to military veterans, and the provision of other opportunities for teachers to improve their skills;

[(2) describes the process used to determine such needs, including consultation with teachers, preschool and early childhood specialists, principals, parents, representatives from departments, schools or colleges of education, and others in the community;

[(3) describes the activities such agency intends to conduct with the funds provided under section 501(b)(2)(A) or 501(c) consistent with the provisions of this section in order to improve the quality of teaching within such agency;

[(4) describes the processes and methods used to promote systematic improvement through continual learning in order to achieve agreed upon local, State and National standards; and

[(5) any other information that the State educational agency may reasonably require.

[(b) LOCAL USES OF FUNDS.—

[(1) IN GENERAL.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) shall use such funds for the inservice training of teachers and, if appropriate, for preschool and early childhood education specialists, and may use funds for—

[(A) development of programs to recruit individuals into the teaching profession and the field of early childhood education;

[(B) business partnerships;

[(C) outreach to military veterans; and

[(D) other purposes consistent with improving the quality of teaching in the local educational agency, as approved by the State educational agency.

[(2) INSERVICE TRAINING.—

[(A) In order to receive assistance under section 501(b)(2)(A) or 501(c), a local educational agency or a consortium of local educational agencies shall first assess the needs of such agency or agencies for inservice training.

[(B) Funds expended for inservice training shall be used, in accordance with the assessment conducted under subparagraph (A), for the cost of—

[(i) the expansion and improvement of inservice training and retraining of teachers and other appropriate school personnel, including vocational teachers, special education teachers, and preschool teachers, consistent with the assessment conducted under subparagraph (A);

[(ii) providing funds for grants for individual teachers within the local educational agency to undertake projects to improve their teaching ability or to improve the instructional materials used in their classrooms;

[(iii) activities designed to address the effects of chronic community violence on children, such as violence counseling training for teachers and early childhood specialists, and activities and training aimed at resolving conflicts;

[(iv) activities designed to enhance the ability of teachers to work with culturally diverse students;

[(v) activities designed to integrate academic and vocational education;

[(vi) as appropriate, activities designed to assist teacher participation in a Tech-Prep program under section 344 of the Carl D. Perkins Vocational and Applied Technology Act, in order to develop the skills of such teachers in activities such as organizational development leadership and interdisciplinary curricula development; and

[(vii) other activities consistent with the goals of this part as approved by the State educational agency.

[(C) Such activities may be carried out through agreements with institutions of higher education, nonprofit organizations, public agencies, and museums.

[(D) Activities related to inservice training shall be coordinated with such activities carried out under part A of title II of the Elementary and Secondary Education Act of 1965.

[(3) RECRUITMENT OF TEACHERS.—

[(A) Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance—

[(i) to establish, operate, or expand programs to encourage and recruit interested individuals to pursue a course of study that will lead to a career in education; and

[(ii) to establish, operate, or expand a program where such agency recruits students currently enrolled in a school in the local educational agency to be teachers or early childhood education specialists.

[(B) Activities under this paragraph may include—

[(i) academic and career counseling of and support services for students;

[(ii) programs in which students act as tutors while they are enrolled in schools in the local educational agency;

[(iii) programs in which students enrolled in institutions of higher education and other individuals tutor students within schools in the local educational agency;

[(iv) information and recruitment efforts to attract individuals into the teaching profession; and

[(v) programs to support early childhood education efforts at the preschool and school level.

[(C) In conducting programs under this paragraph, local educational agencies shall place a priority on recruiting students and individuals from minority groups.

[(D) Local educational agencies may conduct programs under this paragraph in consortia with institutions of higher education.

[(4) BUSINESS PARTNERSHIPS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish partnerships with representatives of the business community to sponsor—

[(A) programs which allow representatives of local business or firms to go into the classroom and work with the classroom teacher to provide instruction in subject areas where the expertise of the teacher could be supplemented, especially in the subject areas of mathematics, science, and vocational and technology education training;

[(B) internship programs which provide an opportunity for classroom teachers to work in local businesses or firms to gain practical experience or to develop new skills or expertise;

[(C) programs which bring students and teachers into business settings to see applications of course work and in specialized areas, and to learn to use advanced technical equipment;

[(D) programs which allow representatives of local businesses and firms to work with school administrators to develop instructional material; and

[(E) other activities appropriate to forming a working relationship between business leaders and classroom leaders.

[(5) OUTREACH TO MILITARY VETERANS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish programs to inform United States military veterans of teaching opportunities and to provide assistance in the establishments of teaching opportunities for such veterans by—

[(A) planning and implementing informational and outreach programs leading to the development of programs specifically designed to inform United States military veterans about teaching opportunities and the qualifications necessary for such opportunities;

[(B) planning and implementing programs leading to the creation of teaching opportunities for such veterans;

[(C) supporting programs to assist such veterans to meet the qualifications to become teachers;

[(D) disseminating information on the program described in this paragraph and on sources of student financial assistance available under title IV of this Act and under programs administered by the Department of Veterans Affairs and other Federal agencies; and

[(E) making scholarships available to such military veterans under the same terms and conditions specified in subpart 1 of part C of this title.

[SEC. 504 [20 U.S.C. 1102c] STATE USES OF FUNDS.

[(a) IN GENERAL.—Each State educational agency receiving funds reserved pursuant to section 501(b)(2)(B)(ii)(I) shall use such funds—

[(1) first, to conduct a study of teacher education programs within such State, as required under subsection (c); and

[(2) secondly, for—

[(A) the establishment of State Academies for Teachers under section 505;

[(B) the establishment of State Academies for School Leaders under section 506; and

[(C) activities directly related to the implementation of the teacher education study required under subsection (c).

[(b) SPECIAL RULE.—If a State educational agency can demonstrate that the amount of funds reserved pursuant to section 501(b)(2)(B)(ii)(I) is insufficient to establish one State academy, then the State educational agency shall distribute such funds to local educational agencies in accordance with section 501(b)(2)(A) or 501(c) to carry out the activities described in section 503(b).

[(c) TEACHER EDUCATION STUDY.—

[(1) STUDY REQUIRED.—Each State educational agency receiving funds under this part shall, in consultation with institutions of higher education, local educational agencies, teachers, parents, the State legislature, the State board of education, and business, undertake a study of—

[(A) teacher education programs and State teacher professional development requirements, including programs and requirements intended to train preschool and early childhood education specialists; and

[(B) the State laws and regulations relating to such programs and requirements, including any standards or requirements for certification and licensure,

in order to determine if such programs and requirements are adequately preparing teachers to effectively educate students.

[(2) CONSIDERATIONS.—Such study shall consider whether such programs or requirements—

[(A) would be improved if teacher education programs were required to coordinate courses with other departments on campus in order to provide prospective teachers with a strong background in their subject matter;

[(B) integrate academic and vocational education instruction;

[(C) give enough flexibility in order to allow experimentation and innovation;

[(D) would be improved if such programs provided preparation for students desiring to become teachers, but who are pursuing a bachelor's degree in an area of study other than education;

[(E) would be improved if teacher certification required a bachelor's degree in a subject area and a master's degree in education; and

[(F) would be improved if institutions of higher education that have developed innovative materials and curricula for inservice training were required to incorporate these improvements into their preservice programs.

[(3) DEADLINES.—

[(A) Such study shall be completed by two years from the end of the first fiscal year in which funding was made available for this part. The results of such study shall be reported to the Secretary. In submitting the report to the Secretary, the State educational agency shall include in the report the most successful practices used to enhance the profession of teaching. The Secretary may disseminate such successful practices in order to assist other States in their efforts to enhance the profession of teaching.

[(B) Except as provided in paragraph (4), beginning in the third fiscal year for which funding under this part is available, State educational agencies shall use all funds provided under section 501(b)(2)(B)(ii)(I) which are not allotted for State Academies for Teachers and State Academies for School Leaders—

[(i) to implement the program and policy changes resulting from the findings of such study; and

[(ii) to assist schools and programs of education throughout the State in meeting any new requirements that result from such study.

[(C) The State educational agency shall award grants pursuant to section 507(b)(9) to institutions of higher education to implement the programs and policy changes resulting from the findings of such study.

[(4) WAIVER.—If a State demonstrates to the Secretary that it has completed a study comparable to the study required by this subsection within the previous 5 years prior to the fiscal

year for which funds are first made available under this part, then the Secretary may waive the requirements of this subsection. States receiving a waiver shall use funds provided under section 501(b)(2)(B)(ii)(I) to implement the program and policy changes resulting from the findings of such study. If the State can demonstrate to the Secretary that such program and policy changes have been implemented, then the State shall use funds provided under section 501(b)(2)(B)(ii)(I) to carry out the activities authorized under sections 505 and 506.

[SEC. 505. [20 U.S.C. 1102d] STATE ACADEMIES FOR TEACHERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve elementary and secondary school teacher subject matter knowledge and teaching skills in each of the key academic subjects by establishing one or more Academies in the key academic subjects in every State.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a teacher's knowledge of a specific subject area, a teacher's ability to impart such knowledge to students, and a teacher's ability to address any other issue described in this section, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more of such entities

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) steps to be taken to recruit teachers for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other teachers with the potential to serve as mentor teachers;

[(D) steps to be taken to ensure that faculty members teaching at the Academy shall be of exceptional ability and experience, including outreach efforts to identify and attract as faculty members—

[(i) minority group member;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students;

[(E) efforts to be undertaken to disseminate information about the Academy;

[(F) selection criteria to be used in identifying teachers to participate in the Academy;

[(G) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) USE OF ALLOTTED FUNDS.—

[(1) GRANTS.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award one or more competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this section.

[(2) COORDINATION OF ACTIVITIES.—To the extent practicable, such academies shall coordinate efforts with teacher in-service activities of local educational agencies.

[(3) COMBINATION OF RESOURCES.—Each State educational agency receiving an allotment under this part may combine the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) with such funds reserved by another State educational agency to operate academies assisted under this part on a multistate or regional basis.

[(4) COSTS.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs; and costs associated with release time, stipends, travel, and living expenses for teachers who participate in the Academy's program if no other funds are available to pay such costs.

[(d) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) renewal and enhancement of participants' knowledge in key academic subjects;

[(2) skills and strategies to improve academic achievement of students, especially students who are educationally disadvantaged, are limited-English proficient, are drug- or alcohol-exposed, or have disabilities;

[(3) improved teaching and classroom management skills;

[(4) techniques for the integration of academic and vocational subject matter, including the application of such techniques in tech/prep education programs;

[(5) the use of educational technologies in teaching the key academic subjects;

[(6) training needed to participate in curriculum development in a key academic subject;

[(7) training in the development and use of assessment tools;

[(8) review of existing teacher enhancement programs to identify the most promising approaches;

[(9) development of a curriculum for use by the Academy;

[(10) follow-up activities for previous participants;

[(11) dissemination of information about the Academy, including the training curricula developed; and

[(12) any other activities proposed by the applicant and approved by the State educational agency.

[(e) COST SHARING.—Funds received for this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this section, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and may be in cash or in-kind contributions, fairly valued.

[(f) SPECIAL RULES.—

[(1) USES OF FUNDS.—

[(A) KEY ACADEMIC SUBJECTS.—At least 70 percent of funds received for this section shall be used for enhancement of participant knowledge in key academic subjects.

[(B) OTHER SUBJECTS.—At least 20 percent of the funds received for this section shall be used for enhancement of participant knowledge in areas not related to academic subjects.

[(2) SPECIAL RULE.—In awarding grants under this section the State educational agency may provide for training in 2 or more key academic subjects at a single site.

[(3) ADDITIONAL ACADEMIES OR AWARDS.—If a State can demonstrate that the State's need for academies in key academic subjects has been met, and if the State can demonstrate that it is implementing the findings of the teacher education study described in section 504(c), then the State may use a portion of the amount reserved pursuant to section 501(b)(2)(B)(ii)(I) to establish one or more of the following academies or awards:

[(A) EARLY CHILDHOOD ACADEMIES.—A State educational agency may establish an academy aimed at early childhood education training. Such an academy shall give a priority to recruiting candidates from underrepresented groups in the early childhood education profession and shall provide intensive childhood training in violence counseling.

[(B) TECH-PREP ACADEMIES.—A State educational agency may establish an academy for—

[(i) assisting educators in secondary schools and community colleges to more effectively understand organizational structures and organizational change strategies;

[(ii) assisting educators to learn effective peer leadership strategies;

[(iii) assisting secondary school teachers and community college faculty to identify the knowledge and skills required in highly technical industries and workplaces;

[(iv) assisting secondary school teachers and community college faculty to apply creative strategies to the development of interdisciplinary curricula; and

[(v) assisting educators in integrating academic and vocational education.

[(C) TEACHER AWARDS.—(i) A State educational agency may make awards to State Academies for Teachers to provide for a program of cash awards and recognition to outstanding teachers in the key academic subject or subjects covered by the program of the Academy.

[(ii) Any full-time public or private elementary or secondary school teacher of a key academic subject or vocational and technology education subject, including an elementary school teacher of the general curriculum, shall be eligible to receive an award under this subparagraph.

[(iii) The amount of a teacher's award under this subparagraph shall not exceed $5,000 and shall be available for any purpose the recipient chooses.

[(iv) Each Academy receiving an award under clause (i) of this subparagraph shall select teachers to receive awards from nominations received from local educational agencies, public and private elementary and secondary schools, teachers, associations of teachers, parents, associations of parents and teachers, businesses, business groups, and student groups.

[(v) The Academy shall select award recipients under this subparagraph in accordance with criteria developed by the Academy and approved by the State educational agency. The selection criteria may take into account teacher's success in—

[(I) educating disadvantaged children and children with disabilities;

[(II) educating gifted and talented children;

[(III) encouraging students to enroll, and succeed, in advanced classes in a key academic subject or vocational and technology education subject;

[(IV) teaching a key academic subject or vocational and technology education subject successfully in schools educating large numbers of educationally disadvantaged students, including schools in low-income inner-city or rural areas;

[(V) introducing a new curriculum in a key academic subject into a school or strengthening an established curriculum;

[(VI) acting as a master teacher; and

[(VII) other criteria as developed by the Academies and approved by the State educational agency.

[SEC. 506. [20 U.S.C. 1102e] STATE ACADEMIES FOR SCHOOL LEADERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve the training and performance of school principals and other school leaders and to increase the number of persons who are highly trained to be principals and school leaders by establishing an Academy for current and prospective school leaders in every State.

[(2) DEFINITIONS.—For the purpose of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a school leader's knowledge of the tools and techniques of school management and leadership, and such leader's ability to exercise such tools and techniques in the school setting, and may include a course of instruction for school district level system leaders separately or in combination with school leaders and teachers, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a technical assistance center assisted under subpart 2 of part C of title V of this Act as such Act was in effect on the day before the date of enactment of the Higher Educational Amendments of 1992, a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities.

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—(A) each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State may reasonably require. Such Academy may be operated in cooperation or consortium with an Academy of another State.

[(B) A priority for awards shall be given to entities who received funds under subpart 2 of part C of title V of the Higher Education Act as in effect on September 30, 1991.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) the steps to be taken to recruit school leaders for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other individuals with potential to become school leaders;

[(D) efforts to be taken to disseminate information about the Academy;

[(E) selection criteria to be used in identifying school leaders to participate in the Academy;

[(F) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge;

[(G) steps to be taken to assure the involvement of private sector managers and executives from businesses in the conduct of the Academy's programs; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) USE OF ALLOTTED FUNDS.—

[(1) GRANTS.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award a competitive grant to an eligible entity to enable such eligible entity to operate an Academy in accordance with the provisions of this subpart.

[(2) COSTS.—Each eligible entity receiving a grant under this section shall use such funds to meet the costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay such costs.

[(3) LIMITATIONS.—

[(A) PARTICIPANTS.—At least 70 percent of the participants in an Academy shall be from the school building level.

[(B) SPECIAL RULE.—In awarding grants under this section, the State educational agency may provide for the location at the same site of Academies assisted under this section and Academies assisted under section 505.

[(d) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) developing and enhancing of participant's knowledge in instructional leadership, school-based management, shared decisionmaking, school improvement strategies and school-level accountability mechanisms;

[(2) identifying candidates, including members of minority groups, individuals with disabilities, and individuals from schools with high numbers or concentrations of educationally disadvantaged students and individuals who are bilingual, to be trained as new school leaders;

[(3) conducting programs which provide for the involvement of private sector managers and executives from businesses;

[(4) identifying models and methods of leadership training and development that are promising or have proven to be successful;

[(5) providing intensive training and development programs for current school leaders seeking enhanced and up-to-date knowledge needed to perform their jobs effectively;

[(6) identifying local educational agencies and schools with principal and other school leader vacancies and working with such agencies and schools to match Academy participants with such vacancies;

[(7) facilitating internships for graduates of the program for new school leaders, under the guidance and supervision of experienced administrators;

[(8) providing periodic follow-up development activities for school leaders trained through the Academy's programs;

[(9) disseminating information about the Academy, including the training curricula developed;

[(10) coordinating activities with those of any State Academies for Teachers established in the State; and

[(11) any other activity proposed by the applicant in the application submitted pursuant to subsection (b) and approved by the State educational agency.

[(e) COST-SHARING.—Funds received under this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and be in cash or in kind, fairly valued.

[SEC. 507. [20 U.S.C. 1102f] INSTITUTIONS OF HIGHER EDUCATION USES OF FUNDS.

[(a) APPLICATIONS.—Institutions of higher education desiring to receive a grant under section 501(b)(2)(B)(ii)(II) shall submit to the State educational agency an application which—

[(1) describes the types of activities that the institution plans to undertake with funds provided;

[(2) describes the process used by the institution to determine the State's needs for improving teacher education and training for preschool and early childhood education specialists, including consulting with current students, teachers, representatives from local educational agencies, parents, and representatives from preschool and early childhood specialists;

[(3) if such institution is applying for a grant to assist local educational agencies in providing inservice training for teachers, describes the training and services that such institution plans to provide for teachers within the local educational agency and demonstrates that such training and services are consistent with the needs of the local educational agencies to be served;

[(4) if such institution is applying for a grant to establish a professional development academy, contains the information required pursuant to section 508;

[(5) describes how the institution plans to integrate academic and vocational teacher education programs; and

[(6) contains any other information that may be required by the State educational agency.

[(b) AWARDS.—The State educational agency shall award grants on a competitive basis to institutions of higher education that have departments, schools, or colleges of education. In awarding grants,

the State educational agency shall award funds for the following purposes:

[(1) For the establishment of professional development academies pursuant to section 508.

[(2) For the establishment and maintenance of programs that provide teachers training to individuals who are moving to a career in education from another occupation.

[(3) For institutions of higher education in consultation and cooperation with a local educational agency or a consortium of local educational agencies, to develop and provide technical assistance to local education agencies in providing inservice training for teachers.

[(4) For improving teacher education programs in order to further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local educational agencies for well-prepared teachers.

[(5) For improving training for preschool and early childhood education specialists, including preschool and early intervention services for infants and toddlers with disabilities, in order to further innovation in such programs with institutions of higher education and to better meet the needs of preschool and early childhood education programs for well-prepared personnel.

[(6) To integrate the instruction of academic and vocational teacher education programs.

[(7) For activities to encourage individuals, especially individuals from minority groups, to pursue a career in education.

[(8) For expanding cooperative educational programs between State educational agencies and offices, schools, and school systems, institutions of higher education, appropriate educational entities, and private sector establishments involved in education between the United States and the Republic of Mexico for the purpose of providing bilateral teaching initiatives and programs that provide teacher training experiences between the educational communities of the United States and those of the Republic of Mexico and to enhance mutually beneficial educational activities involving researchers, scholars, faculty members, teachers, educational administrators, and other specialists to lecture, teach, conduct research, and develop cooperative programs.

[(9) When the study of teacher education programs is completed in accordance with section 504(c), to implement the program and policy changes for teacher education programs resulting from the findings of such study.

[SEC. 508. [20 U.S.C. 1102g] PROFESSIONAL DEVELOPMENT ACADEMIES.

[(a) AUTHORITY; DEFINITIONS.—

[(1) AUTHORITY.—From amounts reserved pursuant to section 501(b)(2)(B)(ii)(II), the State educational agency is authorized to make grants to, and enter into contracts and cooperative agreements with, eligible entities to plan, establish, and operate professional development academies.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means school-based teacher training operated as a partnership between one or more elementary or secondary schools and one or more institutions of higher education that provides prospective and novice teachers an opportunity to work under the guidance of master teachers and college faculty members. Such Academy shall be established for the purpose of—

(i) the training of prospective and novice teachers (including preschool and early childhood education specialists, where appropriate) under the guidance of master teachers and teacher educators;

(ii) the continuing development of experienced teachers;

[(iii) research and development to improve teaching and learning and the organization of schools;

[(iv) public demonstration of exemplary learning programs for diverse students; and

[(v) dissemination of knowledge produced in the research and development process;

except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a partnership that includes one or more local educational agencies and one or more institutions of higher education and may include teachers and the business community.

[(b) AWARDS AND RENEWALS.—An award made under this section may be in the form of a one-year planning grant. Such award may be renewed for implementation purposes without further competition annually for 4 additional years, upon submission of an evaluation of the project to the State educational agency and assurances that the recipient—

[(1) has achieved the goals set out in its application for the original term;

[(2) shows promise of continuing its progress;

[(3) will meet its share of the project costs; and

[(4) has developed a plan for continuing the Academy after Federal funding is no longer available.

[(c) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to subsection (a) shall describe—

[(A) what schools within the local educational agency and what institutions of higher education shall participate in the partnership or otherwise participate in the program;

[(B) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches such goals;

[(C) a plan for monitoring progress and evaluating the effectiveness of the Academy in meeting the goals it has developed for teacher and student performance;

[(D) a description of the partnership's plan for systemic change in education, and a description of the activities and services for which assistance is sought;

[(E) ways in which the professional development programs shall cover course content in key academic subjects, methods of instruction, and classroom and school-based management skills;

[(F) plans to involve prospective and novice teachers in the programs offered by the Academy including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(G) estimates of the number of prospective and beginning teachers to be trained in the Academy in each year of the project and assurances that a significant number of prospective and beginning teachers will be trained in the Academy in each year of the project.

[(3) ASSURANCES.—Each application submitted pursuant to this subsection shall contain assurances that—

[(A) professional development programs at the Academy shall be designed and conducted by faculty members from institutions of higher education and teachers from local schools of demonstrated excellence;

[(B) in establishing the Academy, the applicant has consulted with teachers, administrators, and parents who will be affected at the teaching school site;

[(C) participating faculty from institutions of higher education shall include faculty members who are experts in the key academic subjects; and

[(D) the activities, services and programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participant's knowledge.

[(4) PRIORITIES.—In making awards under this part, the State educational agency shall give priority to applicants that—

[(A) select Academy sites based on need, as evidenced by such measures as a high rate of teacher attrition or a high proportion of the student body at risk of educational failure;

[(B) propose projects that demonstrate the strong commitment to or previous active support for educational innovation;

[(C) propose projects that demonstrate collaboration with other educational organizations, social or human service agencies, other community organizations, and the business community in the teaching school's operation;

[(D) demonstrate potential for a significant impact on the quality of the future education work force; and

[(E) demonstrate the long-term feasibility of the partnership.

[(5) SPECIAL RULES.—Each such application shall describe—

[(A) how the local educational agency will address the need to change or waive a local rule or regulation that is found by an Academy to impede the school's progress in achieving its goals; and

[(B) how partners that are institutions of higher education will involve the School of Education, the School of Arts and Sciences, and the School of Technology or Engineering and any other department of the institution.

[(d) USE OF ALLOTTED FUNDS.—

[(1) PERMITTED USES.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (e), which may include reasonable startup and initial operating costs, staff development, purchase of books, materials, and equipment, including new technology, costs associated with release time, payment of personnel directly related to the operation of the Academy, and participation in the activities of a network of Academies.

[(2) LIMITATIONS.—The Secretary may limit the amounts of funds that may be used for minor remodeling and the purchase of equipment under this part.

[(e) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) training and internship activities for prospective or novice teachers in a school setting under the guidance of master or mentor teachers and faculty from institutions of higher education, especially faculty who are experts in key academic subjects;

[(2) mentoring and induction activities for prospective and novice teachers, including such teachers seeking to enter teaching through alternative routes;

[(3) participation of experienced teachers in the internship training and assessment of prospective and beginning teachers;

[(4) teaching skills and strategies to increase the ability of prospective, novice and experienced teachers to teach disadvantaged students, students with disabilities (including students with severe and multiple disabilities and students with lesser known or newly emerging disabilities), students who are limited-English proficient, and students from diverse cultural backgrounds;

[(5) programs to enhance teaching and classroom management skills, including school-based management skills, of novice, prospective and experienced teachers;

[(6) experimentation and research to improve teaching and learning conducted in the Academy by teachers and university faculty;

[(7) activities to integrate academic and vocational education;

[(8) training and other activities to promote the continued learning of experienced teachers, especially in their subject matter knowledge and how to teach it;

[(9) participation of expert practicing teachers and administrators in the university-based education studies of prospective teachers;

[(10) activities designed to disseminate information about the teaching strategies acquired through the Academy with other teachers in the district's schools;

[(11) organizational restructuring, including the introduction of new roles and staffing patterns in the school and university;

[(12) activities intended to address the effects of chronic community violence, such as violence counseling and conflict resolution training; and

[(13) other activities proposed by the applicant and approved by the Secretary.

[(f) COST-SHARING.—Funds received under this section may be used to pay 100 percent of the cost of a planning grant and not more than 75 percent of the cost of operating an Academy in the first 2 years an eligible entry receives a grant under this subpart and not more than 50 percent of such cost in such third and fourth years. The remaining share shall be provided from non-Federal sources, and may be in-kind, fairly valued.

[SEC. 509. [20 U.S.C. 1102h] FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NONFEDERAL FUNDS.

[A State educational agency, local educational agency, or institution of higher education may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

[SEC. 510. [20 U.S.C. 1102i] COORDINATION WITH OTHER PROGRAMS.

[The State educational agency shall ensure that activities conducted under this part shall be consistent with the goals and objectives of any Federal or State systemic educational reform activities.

[SEC. 510A. [20 U.S.C. 1102j] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $350,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—NATIONAL TEACHER ACADEMIES

[SEC. 511. [20 U.S.C. 1103] PROGRAM ESTABLISHED.

[(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to eligible recipients to establish and operate National Teacher Academies.

[(b) SUBJECT AREAS AND STAFF.—

[(1) SUBJECT AREAS.—At least 1 but not more than 3 National Teacher Academies shall be established in each of the following subject areas commonly taught in elementary and secondary schools:

[(A) English.

[(B) Mathematics.
[(C) Science.
[(D) History.
[(E) Geography.
[(F) Civics and government.
[(G) Foreign languages.

[(2) STAFF.—Academy staff shall be selected from the most accomplished and prominent scholars in the relevant fields of study and in the methodologies which improve the skills of persons who teach in such fields of study.

[(c) DURATION OF GRANT.—Each grant to establish and operate a National Teacher Academy shall be for a period of 3 years, and is renewable.

[(d) COMPETITIVE GRANT AWARDS.—The Secretary shall award grants under this part on a competitive basis.

[(e) CONSISTENCY WITH SYSTEMIC REFORMS.—In awarding grants under this part, the Secretary shall ensure that activities conducted under this part are consistent with the goals and objectives of other Federal or State systemic educational reform activities.

[SEC. 512. [20 U.S.C. 1103a] ELIGIBLE RECIPIENTS.

[(a) IN GENERAL.—For the purposes of this part, the term "eligible recipient" means—

[(1) an institution of higher education;

[(2) a private nonprofit educational organization of demonstrated effectiveness; or

[(3) a combination of the institutions or organizations set forth in paragraphs (1) and (2) of this paragraph.

[(b) EXPERTISE REQUIREMENTS.—The Secretary shall only award grants to eligible recipients that have demonstrated expertise in the—

[(1) subject area of the National Teacher Academy to be established and operated; and

[(2) in-service training of teachers at the national, State, and local levels.

[SEC. 513. [20 U.S.C. 1103b] USE OF FUNDS.

[(a) IN GENERAL.—Funds provided pursuant to this part shall be used to—

[(1) provide in-service training programs for teachers and administrators, including—

[(A) programs which emphasize improving the teachers' knowledge in the particular subject area of the National Teacher Academy;

[(B) programs which integrate knowledge of subject matter with techniques for communicating that knowledge to students, including students who are disadvantaged, limited-English proficient, drug- or alcohol-exposed, or who have disabilities;

[(C) the use of the most recent applied research findings concerning education and the classroom; and

[(D) integration of materials from different disciplines into classroom instruction, especially for elementary school teachers;

[(2) conduct each year at least one summer institute of at least 3 weeks duration for the State delegations described in section 515; and

[(3) provide support services to the State Academies for Teachers, including—

[(A) the establishment of a national network of individuals to assist in teacher education programs in State Academies for Teachers;

[(B) consultation assistance in the design and implementation of in-service teacher training programs; and

[(C) monthly newsletters or other methods of communicating useful information.

[(b) ADMINISTRATIVE COSTS.—Not more than 10 percent of the amount of funds received under this part may be used by an eligible recipient for administrative costs.

[SEC. 514. [20 U.S.C. 1103c] APPLICATION.

[(a) APPLICATION.—Each eligible recipient desiring a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

[(1) describe the activities, services, and programs for which assistance is sought;

[(2) describe how at least 70 percent of the National Teacher Academy's time shall be devoted to basic course content relevant to the particular subject field and necessary for improving the quality of teaching in public and private elementary and secondary schools;

[(3) describe how not more than 30 percent of the National Teacher Academy's time shall be devoted to methods of instruction relevant to the particular subject field;

[(4) describe how the National Teacher Academy's activities will be coordinated with or administered cooperatively with institutes established by other Federal entities, such as the National Science Foundation and the National Endowment for the Humanities; and

[(5) provide such additional assurances or information as the Secretary may reasonably require.

[SEC. 515. [20 U.S.C. 1103d] STATE DELEGATIONS.

[(a) IN GENERAL.—Each selection panel established pursuant to section 516(b) shall select a State delegation to participate in each National Teacher Academy assisted under this part.

[(b) COMPOSITION.—

[(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), each State delegation described in subsection (a) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 5 teachers, of whom at least 2 shall be elementary school teachers.

[(2) SPECIAL RULE.—The State delegations for the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Is-

lands, American Samoa and the Republic of Palau (until the Compact of Free Association is ratified) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 3 teachers, of whom at least 1 shall be an elementary school teacher.

[(3) ADDITIONAL TEACHERS.—

[(A) Each State that has obtained the approval of the appropriate National Teacher Academy may send to such National Teacher Academy the number of additional teachers determined in accordance with subparagraph (B).

[(B) The appropriate National Teacher Academy shall determine the number of additional teachers to attend such National Teacher Academy on the basis of the number of full-time equivalent teachers in the State compared to such number in all States.

[(c) DUTIES.—Each State delegation shall—

[(1) attend the appropriate subject area summer institute at the appropriate National Teacher Academy; and

[(2) after participation in the National Teacher Academy assist in the development and operation of the appropriate National Teacher Academy.

[SEC. 516. [20 U.S.C. 1103e] SELECTION.

[(a) IN GENERAL.—Individuals participating in a National Teacher Academy shall be selected by the selection panel described in subsection (b) in accordance with the provisions of section 515.

[(b) SELECTION PANEL.—

[(1) ESTABLISHMENT.—Each State educational agency receiving assistance under part A of this title shall establish a 10-member selection panel to select teachers to attend the National Teacher Academies established pursuant to this part.

[(2) COMPOSITION AND REPRESENTATION.—

[(A) COMPOSITION.—At least 50 percent of the membership of each selection panel shall be classroom teachers, selected in consultation with teacher organizations, if any, in the State.

[(B) REPRESENTATION.—The composition of each selection panel shall be broadly representative of the elementary and secondary schools and the State.

[(3) FUNCTION.—Each selection panel shall—

[(A) annually select the State delegations in accordance with section 515; and

[(B) involve the individuals selected pursuant to subparagraph (A) in the operation of the State academies, if any, or other in-service training activities in the local educational agency in which such individuals teach.

[SEC. 517. [20 U.S.C. 1103f] NATIONAL TEACHER ACADEMY EVALUATION.

[The Secretary shall evaluate the system of National Teacher Academies and the effects of such academies on teachers every 2

years. The Secretary shall make available to the Congress and the public the results of such evaluation.

[SEC. 518. [20 U.S.C. 1103g] AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years to carry out the provisions of this part, of which not more than $5,000,000 shall be available for each of the National Teacher Academy subject areas listed in section 511(b)(1).

[(b) SPECIAL RULES.

[(1) APPROPRIATIONS LESS THAN $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is less than $14,000,000, then not more than $2,000,000 shall be available for each National Teacher Academy subject area in the order in which such subject areas are listed in section 511(b)(1), until such funds are expended.

[(2) APPROPRIATIONS EQUAL TO OR IN EXCESS OF $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is equal to or exceeds $14,000,000, then such funds as equals or exceeds $14,000,000 shall be allocated equitably among each of the National Teacher Academy subject areas listed in section 511(b)(1).

[PART C—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

[Subpart 1—Paul Douglas Teacher Scholarships

[SEC. 521. [20 U.S.C. 1104] PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding secondary school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary or secondary level.

[(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the "Paul Douglas Teacher Scholarships".

[SEC. 522. [20 U.S.C. 1104a] ALLOCATION AMONG STATES.

[(a) ALLOCATION.—From the sums appropriated for this subpart for any fiscal year, the Secretary shall allocate to any State an amount based on the school-age population in the State compared to the school-age population in all States.

[(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the Bureau of the Census.

[SEC. 523. [20 U.S.C. 1104b] GRANT APPLICATIONS.

[(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by

regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 521 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

[(1) describes the selection criteria and procedures to be used by the State in the selection of scholarship recipients under this subpart;

[(2) designates as the State agency responsible for administering the grants received under this subpart the State agency which administers the program under subpart 4 of part A of title IV (relating to State student incentive grants), the State agency with which the Secretary has an agreement under section 428(b), or another appropriate State agency approved by the Secretary;

[(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Scholarships to secondary school students in the State;

[(4) describes how the State will inform recipients, upon receipt of the award, of current and projected teacher shortages and surpluses within the State;

[(5) provides assurances that each recipient eligible under section 525(b) of this subpart who receives a Paul Douglas Scholarship shall enter into an agreement with the State agency under which the recipient shall—

[(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Teacher Corps Scholarship was awarded, teach for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary, or secondary school in any State, or, on a full-time basis, children with disabilities or children with limited English proficiency in a private nonprofit school, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 530A, the requirements of this subparagraph shall be reduced by one-half;

[(B) provide the State agency evidence of compliance with section 526 as required by the State agency; and

[(C) repay all or part of a Paul Douglas Scholarship received under section 524 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 527, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 528;

[(6) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

[(A) a description of the procedures required to be established under paragraph (7); and

[(B) a description of the appeals procedures required to be established under paragraph (8) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

[(7) provides for procedures under which a recipient of assistance received under this subpart who teaches for less than the period required under paragraph (5)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of section 527 and 528;

[(8) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this subpart; and

[(9) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds; ethnic and racial minority students; individuals with disabilities; other individuals from groups historically underrepresented in teaching; individuals who express a willingness or desire to teach in rural schools, urban schools, or schools having less than average academic results or serving large numbers of economically disadvantaged students; or women or minorities who show interest in pursuing teaching careers in mathematics and science and who are underrepresented in such fields.

[(c) SELECTION CRITERIA AND PROCEDURES.—The State educational agency, in cooperation with the State higher education agency, and pursuant to scholarship selection criteria included in section 525, shall establish criteria to select Paul Douglas Teacher Scholarship recipients. These criteria shall be intended to attract highly qualified individuals into teaching, to ensure that these students are enrolled or are accepted for enrollment in approved teacher education programs, and to meet the present and projected needs of State in addressing teacher shortages, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

[(d) SPECIAL CONSIDERATION.—The State educational agency, in cooperation with the State higher education agency, shall give special consideration in the selection of scholarship recipients to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited English proficient students;

[(3) intend to teach preschool age children;

[(4) intend to teach in schools servicing inner city or rural or geographically isolated areas (as defined by the Secretary by regulations consistent with the purposes of this section);

[(5) intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers; or

[(6) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and are underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.

[(e) SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of local educational agencies, private educational institutions, and other interested parties. Such views—

[(1) shall be solicited by means of—

[(A) written comments; and

[(B) publication of proposed selection criteria and procedures in final form for implementation; and

[(2) may be solicited by means of—

[(A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with specific preparation); or

[(B) such other methods as the State may determine to be appropriate to gather information on such needs.

[SEC. 524. [20 U.S.C. 1104c] AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE.

[(a) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (c) each Paul Douglas Teacher Scholarship recipient shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, special education, elementary, or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

[(b) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

[(c) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Paul Douglas Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. A scholarship awarded under this part shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance, but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 525. [20 U.S.C. 1104d] SELECTION OF PAUL DOUGLAS TEACHER SCHOLARS.

[(a) SELECTION BY STATEWIDE PANELS.—Paul Douglas Teacher Scholars shall be selected by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, including preschool and special education teachers, and parents.

[(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURE.—Selections of Paul Douglas Scholars shall be made from students who have graduated or who are graduating from secondary school and who rank in the top 10 percent of their graduating

class. The State educational agency shall make applications available to public and private nonprofit secondary schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Paul Douglas Scholars. Such criteria may include the applicant's secondary school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

[(c) WAIVERS.—For purposes of giving special consideration under section 523(d), a State may waive the criteria contained in the first sentence of subsection (b) for not more than 25 percent of individuals receiving Paul Douglas Teacher Scholarships on or after July 1, 1993.

[SEC. 526. [20 U.S.C. 1104e] SCHOLARSHIP CONDITIONS.

[Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

[(1) enrolled as a full-time student in an accredited post-secondary institution;

[(2) pursuing a course of study leading to teacher certification; and

[(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

[SEC. 527. [20 U.S.C. 1104f] SCHOLARSHIP REPAYMENT PROVISIONS.

[Recipients found by the State agency to be in noncompliance with the agreement entered into under section 523(b)(5) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV of this Act) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

[SEC. 528. [20 U.S.C. 1104g] EXCEPTIONS TO REPAYMENT PROVISIONS.

[(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 523(b)(5)(C) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary

or secondary school, or education program for a single period not to exceed 27 months; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[SEC. 529. [20 U.S.C. 1104h] FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

[(a) DISAPPROVAL HEARING REQUIRED.—The Secretary shall not finally disapprove any application for a State program submitted under section 523, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(b) SUSPENSION OF ELIGIBILITY.—Whenever the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering a State program approved under this subpart, finds—

[(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

[(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

[(c) COURT REVIEW.

[(1) IN GENERAL.—If any State is dissatisfied with the Secretary's final action under section (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

[(2) FINDINGS.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) JURISDICTION.—The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

[SEC. 530. [20 U.S.C. 1104i] EVALUATION.

[(a) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of recipients of scholarship assistance under this subpart, which shall summarize and evaluate the State activities assisted under this subpart and the performance of such recipients. The evaluation shall assess the impact of the scholarship program assisted under this subpart to determine whether such program has brought into teaching a significant number of highly able individuals who otherwise would not have entered teaching.

[(b) CONTENTS.—The evaluation described in subsection (a) shall include—

[(1) a description of the characteristics, including the educational preparation and achievement, of recipients of scholarship assistance under this subpart compared to similar students participating in teacher training who do not receive such scholarships;

[(2) the rate at which such recipients successfully complete academic training and go on to teaching careers in preschool, elementary, or secondary education, compared to such rate for similar individuals who do not receive scholarship assistance under this subpart;

[(3) the extent to which it is possible to determine objectively that the receipt of scholarship assistance under this subpart was the primary reason for an individual's choice of a teaching education and career;

[(4) the extent to which such recipients comply with the provisions of this subpart;

[(5) the length of time such recipients remain in teaching careers, compared to similar teachers who do not receive scholarships;

[(6) the barriers to the effectiveness of the program assisted under this subpart; and

[(7) the cost-effectiveness of such program in improving teacher quality and quantity.

[(c) EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

[(d) FUNDING.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 530B in fiscal years 1993 through 1997 to carry out this section.

[SEC. 530A. [20 U.S.C. 1104j] DESIGNATION OF SHORTAGE AREAS.

[For the purposes of this part, the term "shortage areas" means (1) geographic areas of the State in which there is a shortage of preschool, elementary, and secondary school teachers, and (2) an area of shortage of preschool, elementary, and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. Such shortage areas shall be prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of nonprofit private schools in each State in accordance with this section. In

carrying out the provisions of this section, the Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages and to States which have retirement laws permitting early retirement.

[SEC. 530B. [20 U.S.C. 1104k] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $26,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 2—Christa McAuliffe Fellowship Program

SEC. 531. [20 U.S.C. 1105] DECLARATION OF PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this subpart to establish a national fellowship program for experienced and outstanding teachers.

[(b) DESIGNATION.—A recipient of a fellowship under this subpart shall be know as a "Christa McAuliffe fellow".

[SEC. 532. [20 U.S.C. 1105a] PROGRAM AUTHORIZED.

[(a) IN GENERAL.—The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to State educational agencies to enable such State educational agencies to—

[(1) conduct Christa McAuliffe fellowship activities; and

[(2) award fellowships to Christa McAuliffe fellows in accordance with the provisions of this subpart.

[(b) AMOUNT OF GRANTS.—The amount awarded to each State educational agency pursuant to paragraph (1) of subsection (a) shall be an amount awarded on the basis of the school-age population in the State compared to the school-age population in all States, except that the Secretary may adjust the awards to ensure that such awards are of sufficient size to carry out the purposes of this subpart.

[(c) STATE ACTIVITIES.—Each State educational agency receiving a grant pursuant to subsection (a) shall use not more than 3 percent of such grant for administrative purposes.

[(d) USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION.—Funds appropriated for any fiscal year for fellowships to teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 1 percent of such funds shall be used by the Secretary for purposes of administering this subpart, including activities authorized under section 537(b).

[SEC. 533. [20 U.S.C. 1105b] CHRISTA MCAULIFFE FELLOWSHIPS.

[(a) AWARD DISTRIBUTION AND AMOUNT.—

[(1) AWARD DISTRIBUTION.—Each State educational agency receiving a grant under this subpart shall use such funds to award Christa McAuliffe fellowships to public and private school teachers who have been employed as teachers for 8 or more years to enable such teachers to engage in the activities described in subsection (b).

[(2) AMOUNT.—Fellowships shall be in an amount equal to the annual salary the individual would earn in such individual's current place of employment for the award period.

[(3) RATABLE REDUCTION.—If an individual receives a fellowship award for less than a school year, such fellowship shall be ratably reduced to equal the salary forgone.

[(4) DURATION.—No Christa McAuliffe fellow may receive an award for 2 consecutive years.

[(5) REQUIREMENT.—Subject to the repayment provisions of section 536, each Christa McAuliffe fellow shall be required to return to a teaching position, in their place of employment prior to receiving the fellowship award, for at least 2 years following such award. The Secretary is authorized, in extraordinary circumstances, to waive or defer all or a portion of the service requirement, or allow fellows to fulfill their service requirement by going into a teaching position in another school or school district within the State or in another State upon approval of the sending and receiving State.

[(b) USE OF FELLOWSHIPS.—Each Christa McAuliffe fellowship may be used for—

[(1) sabbaticals for study, research or academic improvement to—

[(A)(i) improve such teacher's knowledge base in an area of expertise; or

[(ii) learn a new area of expertise;

[(B) increase skills and professional ability; and

[(C) enhance the ability of teachers to work with special education populations, including—

[(i) gifted and talented children;

[(ii) limited-English proficient children;

[(iii) children with disabilities; and

[(iv) economically and educationally disadvantaged children;

[(2)(A) consultation with or assistance to other school districts or private school systems; or

[(B) development of special innovative programs;

[(3) projects or partnerships that involve the business community and the schools;

[(4) programs that incorporate the use and the sharing of technologies to help students learn; or

[(5) expanding or replicating model programs of staff development.

[SEC. 534. [20 U.S.C. 1105c] SELECTION OF CHRISTA MCAULIFFE FELLOWS.

[(a) IN GENERAL.—Christa McAuliffe fellows in each State shall be selected (in accordance with section 535) by a 7-member statewide panel appointed by the chief State school officer, or by an existing panel designated by the chief State school officer. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

[(b) SPECIAL RULE.—Each State educational agency may choose to administer the program assisted under this subpart through a pre-existing panel which is experienced in administering similar programs.

[SEC. 535. [20 U.S.C. 1105d] EVALUATION OF APPLICATIONS.

[(a) SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.—An applicant for a Christa McAuliffe fellowship shall submit a proposal for a project in accordance with section 533(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local educational agency for comment prior to submission to the statewide panel (appointed under section 534) for the State in which the project will be conducted. Each such application shall contain such information as such State educational agency may reasonably require.

[(b) CONSULTATION AND CONSIDERATION.—

[(1) IN GENERAL.—In evaluating proposals, the statewide panel shall consult with the local educational agency, and shall consider—

[(A) evaluations during employment as a teacher;

[(B) demonstrated commitment to teaching in the future; and

[(C) intended activities during the award period.

[(2) RECOMMENDATIONS.—The statewise panel may request recommendations from teaching peers and the applicant's principal and superintendent on the quality of the proposal, the benefit of such proposal to education, and any other criteria for awarding fellowships as are considered appropriate by such statewide panel.

[(3) SELECTION.—Selection of members of the statewide panel shall be made in accordance with regulations prescribed by the Secretary.

[(c) PUBLIC ANNOUNCEMENT.—Announcement of fellowship awards shall be made in a public ceremony.

[SEC. 536. [20 U.S.C. 1105e] FELLOWSHIP REPAYMENT PROVISIONS.

[Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

[SEC. 537. [20 U.S.C. 1105f] SECRETARY'S RESPONSIBILITIES.

[(a) IN GENERAL.—The Secretary shall—

[(1) make awards to State educational agencies having applications approved under section 538; and

[(2) in cooperation with the State educational agency, conduct activities which foster communication among and bring together Christa McAuliffe fellows including activities such as written communications, meetings, or training sessions.

[(b) INFORMATION DISSEMINATION.—The Secretary shall establish a clearinghouse or otherwise provide for the collection and dissemination of information on exemplary projects for improving education that were developed in accordance with section 533(b) of this part. The Secretary may utilize the National Diffusion Network in carrying out the requirements of this section.

[SEC. 538. [20 U.S.C. 1105g] STATE APPLICATION.

[(a) APPLICATION REQUIRED.—Each State educational agency desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

[(1) provide assurances that Christa McAuliffe fellows will be released from teaching responsibilities for up to one school year (if the fellow's proposal requires such release time) without jeopardizing the rights such members would have had without participating in the program assisted under this subpart;

[(2) provide assurances that the State educational agency, or its designee, in cooperation with local educational agencies, shall maintain accurate records regarding the activities of Christa McAuliffe fellows within the State to ensure that such members are meeting all conditions of the fellowships provided pursuant to this subpart, and shall notify the Secretary immediately upon a change in a Christa McAuliffe fellow's status rendering such fellow in violation of the conditions of the fellowship; and

[(3) provide assurances that the State educational agency has consulted with local educational agencies in designing and developing the Christa McAuliffe Fellowship program.

[SEC. 539. [20 U.S.C. 1105h] EVALUATION.

[(a) IN GENERAL.—

[(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of—

[(A) Christa McAuliffe fellows; and

[(B) the impact of the activities undertaken by the Christa McAuliffe fellows on teachers, teacher research, curricula, staff development, improvement of programs and improvement of student achievement.

[(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

[(b) CONTENTS.—The evaluation shall—

[(1) include information on the nature of projects developed and implemented by Christa McAuliffe fellows;

[(2) assess the measurable effects of such projects on the academic performance of the students served by such projects;

[(3) assess the effect of the fellowship program assisted under this subpart on the postfellowship experiences of Christa McAuliffe fellows;

[(4) identify the barriers to such program's effectiveness;

[(5) assess the extent to which successful projects were disseminated and adopted by other teachers and schools without further Federal assistance; and

[(6) determine and explore ways to improve the cost-effectiveness of such program.

[(c) EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

[(d) FUNDING.—The Secretary shall reserve a total of not more than 41,000,000 from the amounts appropriated pursuant to the authority of section 540 in fiscal years 1993 through 1997 to carry out this section.

[SEC. 540. [20 U.S.C. 1105i] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 3—Teacher Corps

[SEC. 541. [20 U.S.C. 1106] TEACHER CORPS PROGRAM AUTHORIZED.

[(a) GRANTS BY THE SECRETARY.—In any fiscal year in which the appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

[(b) STATE GRANT PROGRAM.—In any fiscal year in which the appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to state educational agencies from allocations under subsection (c) to carry out Teacher Corps activities.

[(c) ALLOCATION.—Except as provided in subsection (a), each State educational agency shall be eligible to receive a grant under this subpart in each fiscal year that bears the same ratio to the amount appropriated under section 548 in that fiscal year as the school-age population of the State bears to the school-age population of all States.

[(d) TEACHER CORPS SCHOOL.—For the purpose of this subpart the term "Teacher Corps school" means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

[(e) DESIGNATION.—

[(1) SCHOLARSHIP.—A scholarship awarded under this subpart shall be referred to as a "Teacher Corps scholarship".

[(2) RECIPIENT.—A recipient of a scholarship under this subpart shall be referred to as a "Teacher Corps member".

[SEC. 542. [20 U.S.C. 1106a] USE OF FUNDS.

[(a) SECRETARY.—The Secretary shall use funds provided pursuant to this subpart to—

[(1) disseminate information nationally about the availability of scholarships under this subpart;

[(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

[(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

[(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

[(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

[(6) evaluate applications from and award grants to state educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this subpart; and

[(7) collect scholarship repayments from individual Teacher Corps scholarships in accordance with the provisions of this subpart; and

[(b) STATE EDUCATIONAL AGENCY.—Each State educational agency receiving a grant under this subpart shall use such grant funds to—

[(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corp members;

[(2) provide technical assistance to local educational agencies establishing and operating induction programs.

[(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this subpart upon failure to comply with the conditions of the scholarship; and

[(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this subpart, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

[(c) SPECIAL RULE.—The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

[(1) recruiting members of the Teacher Corps;

[(2) establishing and conducting summer preservice training programs; and

[(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

[(d) RESERVATIONS.—Each State receiving a grant under this subpart may reserve—

[(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

[(2) 5 percent of such grant funds to provide for induction and mentoring programs.

[(e) SPECIAL RULE.—Each State educational agency receiving a grant under this subpart may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b).

[SEC. 543. [20 U.S.C. 1106B] TEACHER CORPS.

[(a) SELECTION.—The State educational agency shall select Teacher Corps members.

[(b) CRITERIA.—

[(1) IN GENERAL.—The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

[(A) attract highly qualified individuals to teaching; and

[(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

[(2) CRITERIA.—The criteria described in paragraph (1) may include—

[(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions which may be made by individuals working in other careers; and

[(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teach shortages.

[(c) SPECIAL CONSIDERATION.—The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited-English proficient students;

[(3) intend to teach preschool age children;

[(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities;

[(5) are members of populations that are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach;

[(6) intend to teach in the areas of science or mathematics, especially women and minorities who are underrepresented in such fields; or

[(7) intend to teach on Indian reservations or in Alaska Native villages named or certified pursuant to section 3(c) of the Alaska Native Claims Settlement Act, Public Law 92–203, or in areas with high concentrations of Native Hawaiians.

[(d) APPLICATION.—Each individual desiring to participate in the program assisted under this subpart shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

[SEC. 544. [20 U.S.C. 1106c] STATE APPLICATION.

[In order to receive funds under this subpart, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

[(1) describe how the State educational agency shall select Teacher Corps members;

[(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

[(3) provide assurances that the State educational agency, in cooperation with local educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

[(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other

entry level teachers in the school district where the Teacher Corps member is assigned;

[(5) provide assurances that the State educational agencies in which the Teacher Corps members shall be placed shall establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

[(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this subpart and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this subpart.

[SEC. 545. [20 U.S.C. 1104d] SCHOLARSHIPS.

[(a) ELIGIBILITY.—

[(1) IN GENERAL.—An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

[(A) a program of study leading to a baccalaureate degree;

[(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

[(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

[(2) SPECIAL RULES.—(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

[(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

[(b) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (d), each Teacher Corps member shall receive a $5,000 scholarship for each academic year of postsecondary education, except that no individual shall receive scholarship assistance for more than 3 years of postsecondary education (including postbaccalaureate), as determined by the Secretary.

[(c) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Each Teacher Corps scholarship awarded pursuant to this subpart shall be considered as student financial assistance in determining eligibility for student assistance under title IV.

[(d) ASSISTANCE NOT TO EXCEED NEED.—Each Teacher Corps scholarship, when added to assistance received under title IV, if

any, shall not exceed the cost of attendance, as defined in section 472, at the institution the individual is attending. If the amount of the Teacher Corps scholarship and assistance received under title IV exceeds the cost of attendance, loans received under part B, D, or E of such title shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

[(e) CONTINUED ELIGIBILITY.—Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

[(1) enrolled as a full-time student in an accredited post-secondary institution; and

[(2) maintaining satisfactory progress defined under section 484.

[SEC. 546. [20 U.S.C. 1106e] SCHOLARSHIP CONDITIONS.

[(a) SCHOLARSHIP AGREEMENT.—Each individual receiving a scholarship under this subpart shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

[(1) shall pursue a course of study which meets State requirements for teacher preparation;

[(2) has completed at least 2 years of undergraduate education at an institution of higher education;

[(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

[(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 541(d), except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State educational agency;

[(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

[(A) the school in which such individual teaches; and

[(B) the local educational agency exercising administrative control or direction of, or performing a service function for such school;

[(6) shall repay all or part of a Teacher Corps scholarship received under section 545(b) plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b), in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c);

[(7) at least during the first year of employment, shall participate in an induction program which includes working with a mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

[(8) who is not enrolled in a program of study as set forth in section 545(a)(1)(C) shall obtain State teacher certification

during the period of employment or as soon as possible as State law requires.

[(b) SCHOLARSHIP REPAYMENT.—

[(1) IN GENERAL.—Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of title IV and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

[(2) EXCEPTIONS TO REPAYMENT.—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (1) during any period in which such individual meets the exceptions to repayment provisions set forth in sections 528(a)(2), 528(a)(3) or 528(b), or if the individual dies.

[(3) REPAYMENT PERCENTAGES.—Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay—

[(A) 100 percent of the total amount of scholarships awarded under this subpart if such individual does not teach pursuant to the agreement described in subsection (a) or teaches pursuant to such agreement for less than 1 year;

[(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

[(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

[(4) INTEREST.—If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

[(5) USE OF REPAYMENTS.—Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this subpart.

[(c) WAIVER.—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

[SEC. 547. [20 U.S.C. 1106f] PUBLICATION AND RECRUITMENT.

[(a) IN GENERAL.—The Secretary shall—

[(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teachers clubs, and other teaching-related activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, secondary schools nationwide (especially such schools with minor-

ity enrollment in excess of the statewide average minority enrollment), and with—

[(A) individuals participating in programs assisted under subpart 4 of part A of title IV;

[(B) individuals leaving the armed services, the Peace Corps, VISTA, and programs funded under the National and Community Service Act of 1990;

[(C) community-based organizations working in minority education; and

[(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

[(2) recruit minority students to participate in the program assisted under this subpart; and

[(3) recruit students with outstanding academic records to participate in such program.

[(b) SPECIAL RULE.—The publications required under subsection (a) shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

[SEC. 548 [20 U.S.C. 1106g] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

[PART D—INNOVATION AND RESEARCH

[Subpart 1—National Board for Professional Teaching Standards

[SEC. 551. [20 U.S.C. 1107] NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

[(a) DEFINITIONS.—For the purpose of this subpart—

[(1) The term "Board" means the National Board for Professional Teaching Standards.

[(2) The term "Committee" means the Fund for Improvement and Reform of Schools and Teaching Board established in section 3231 of the Fund for the Improvement and Reform of Schools and Teaching Act.

[(3) The term "Director" means the Director of the National Science Foundation.

[(b) PROGRAM AUTHORIZATION.—

[(1) PROGRAM AUTHORIZED.—From sums appropriated pursuant to the authority of subsection (k) in any fiscal year, the Secretary shall, in accordance with this subpart provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the costs of the activities described in subsection (d).

[(2) TERMS AND CONDITIONS.—(A) No financial assistance may be made available under this subpart except upon an application as required by subsection (e).

[(B) No financial assistance may be made available under this subpart unless the Secretary determines that—

[(i) the Board will comply with the provisions of this subpart;

[(ii) the Board will use the Federal funds only for research and development activities in accordance with subsection (d) and such teacher assessment and certification procedures will be free from racial, cultural, gender or regional bias;

[(iii) the Board—

[(I) will widely disseminate for review and comment announcements of specific research projects to be conducted with Federal funds, including a description of the goals and focus of the specific project involved and the specific merit review procedures and evaluation criteria to be used in the competitive award process; and

[(II) will send such announcements to the Secretary, the Director, the National Research Council, and the educational research community;

[(iv) the Secretary, pursuant to an arrangement with the Board, will publish the announcements described in clause (iii) in the Federal Register (or such other publication deemed appropriate by the Secretary) and in publications of general circulation designed to disseminate such announcements widely to the educational research community;

[(v) the Board will, after offering any interested party an opportunity to make comment upon, and take exception to, the projects contained in the announcements described in clause (iii) for a 30-day period following publication, and after reconsidering any project upon which comment is made or to which exception is taken, issue through the Secretary a request for proposals in the Federal Register (or such other publication deemed appropriate by the Secretary) containing any revised project information;

[(vi) the Board will make awards of Federal funds competitively on the basis of merit, and, in the award process, the Board will select, to the extent practicable consistent with standards of excellence—

[(I) a broad range of institutions associated with educational research and development; and

[(II) individuals who are broadly representative of the educational research and teaching communities with expertise in the specific area of research and development in question;

[(vii) the Board will adopt audit practices customarily applied to nonprofit private organizations and will comply with subsection (g)(4);

[(viii) the Board will not use Federal funds to meet the administrative and operating expenses of the Board;

[(ix) the Board will submit an annual report to the Congress in accordance with the provisions of subsection (g)(1); and

[(x) the Board will, upon request, disseminate to States, local educational agencies, or other public educational entities the results of any research or research project produced with funds authorized by this subpart, upon the

payment of the cost of reproducing the appropriate material.

[(3) AVAILABILITY OF FUNDS.—(A) Notwithstanding any other provision of law, funds appropriated to carry out this subpart shall remain available for obligation and expenditure until the end of the second fiscal year succeeding the fiscal year for which the funds were appropriated.

[(B) No funds shall be made available to the Board after September 30, 1997, except as authorized by subparagraph (A) of this subsection.

[(c) CONSULTATION.—The Board shall consult at least twice annually with the Committee on the design and execution of its overall research and development strategy, including procedures to assure compliance with the requirements of this subpart. The procedures shall include—

[(1) an outline of specific research and development agenda and activities to be conducted with the Federal funds; and

[(2) provisions to ensure compliance with the open competition and merit review requirements of this subpart for proposals and projects assisted under this subpart.

[(d) AUTHORIZED ACTIVITIES.—

[(1) IN GENERAL.—Federal funds received under this subpart may only be used for research and development activities directly related to the development of teacher assessment and certification procedures for elementary and secondary school teachers.

[(2) PRIORITIES.—(A) The Board shall give priority to research and development activities in—

[(i) mathematics;

[(ii) the sciences;

[(iii) foreign languages; and

[(iv) literacy, including the ability to read, write and analyze.

[(B) The Board shall give priority to research and development activities for the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations, including—

[(i) limited English proficient children;

[(ii) gifted and talented children;

[(iii) children with disabilities; and

[(iv) economically and educationally disadvantaged children.

[(e) APPLICATION.—

[(I) IN GENERAL.—The Board shall submit applications to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall—

[(A) describe the activities for which assistance is sought; and

[(B) provide assurances that the non-Federal share of the cost of activities of the Board is paid from non-Federal sources, together with a description of the manner in which the Board will comply with the requirements of this subparagraph.

[(2) APPROVAL.—The Secretary shall approve an application unless such application fails to comply with the provisions of this subpart.

[(f) MATCHING FUNDS REQUIREMENT.—

[(1) IN GENERAL.—The Secretary shall not provide financial assistance under this subpart to the Board unless the Board agrees to expend non-Federal contributions equal to $1 for every $1 of the Federal funds provided pursuant to such financial assistance.

[(2) NON-FEDERAL CONTRIBUTIONS.—The non-Federal contributions described in paragraph (1)—

[(A) may include all non-Federal funds raised by the Board on or after January 1, 1987; and

[(B) may be used for outreach, implementation, administration, operation, and other costs associated with the development and implementation of national teacher assessment and certification procedures under this subpart.

[(g) REPORTS AND AUDITING PROVISION.—

[(1) NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS REPORT.—The Board shall submit an annual report to the appropriate committees of the Congress not later than June 30 of any fiscal year in which Federal funds are expended pursuant to this subpart. The Board shall disseminate the report for review and comment to the Department of Education, the National Science Foundation, the National Research Council, and the education research community. The report shall—

[(A) include a detailed financial statement and a report of the audit practices described in subsection (b)(2)(B)(vii);

[(B) include a description of the general procedures to assure compliance with the requirements of this subpart as required in subsection (d); and

[(C) provide a comprehensive and detailed description of the Board's agenda, activities, and planned activities for the preceding and succeeding fiscal years, including—

[(i) the Board's overall research and development program and activities;

[(ii) the specific research and development projects and activities conducted with Federal funds during the preceding fiscal year, including—

[(I) a description of the goals and methodology of the project;

[(II) a description and assessment of the findings (or status and preliminary findings if the project is not yet completed);

[(III) a description of the competitive bidding process, the merit review procedures, and the evaluation criteria used to award project funds; and

[(IV) a description of the Board's plans for dissemination of the findings described in clause (ii);

[(iii) the specific research and development projects and activities planned to be conducted with Federal funds during the succeeding fiscal year, including the goals and methodologies to be used; and

[(iv) a listing of available publications of the Board, including publications related to policies, standards and general information, research reports, and commissioned papers of the Board.

[(2) FIRST ANNUAL REPORT.—The first annual report required by this subsection shall include a description of the Board's research and development agenda for the succeeding 5-year period. Such first report shall include to the maximum extent practicable, a description of specific research and development projects and activities, and the goals and methodologies of such projects and activities.

[(3) ADDITIONAL REPORTS.—The Secretary, the Director, and the National Research Council shall report to the appropriate committees of the Congress on the compliance of the Board with the requirements of this part not later than 30 days after the Board submits its annual report pursuant to paragraph (1).

[(4) AUDITING PROVISION.—The Comptroller General of the United States, and any of the Comptroller's authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the Board, and to any recipient of the Board, that is pertinent to the sums received and disbursed under this subpart.

[(h) EVALUATION.—

[(1) IN GENERAL.—After September 30, 1995, the Secretary shall reserve not more than 2 percent of the amount appropriated pursuant to the authority of subsection (k) to provide for an independent, ongoing evaluation of the research program of teacher assessments carried out by the Board and the fairness and the accuracy of the data such evaluations produce. The evaluation shall include an analysis of the impact of teacher assessments on minority teachers. The findings of the evaluation shall be submitted to the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives.

[(2) SPECIAL RULE.—The Secretary shall enter into a contract for the performance of the evaluation described in paragraph (1) with a nationally recognized organization (such as the National Academy of Sciences or the National Academy of Education).

[(i) CONSTRUCTION.—Nothing in this subpart shall be construed to—

[(1) establish a preferred national curriculum or preferred teaching methodology for elementary and secondary school instruction;

[(2) infringe upon the rights and responsibilities of the States to license elementary and secondary school teachers;

[(3) infringe upon the practice or accreditation of home school or private school teaching;

[(4) provide an individual certified by the Board with a right of action against a State, local educational agency, or other public educational entity for any decisions related to hiring, promotion, retention or dismissal;

[(5) authorize the Board to—

[(A) study, create, or promulgate separate standards applicable to home school or private school teachers;

[(B) take any action to require home school, private school, or public school teachers to participate in any program offered by the Board; or

[(C) take any action that infringes in any manner on the right of parents to direct the education of their children; or

[(6) authorize the Secretary to exercise supervision or control over the research program, standards, assessment practices, administration, or staffing policies of the Board.

[(j) VOLUNTARY PARTICIPATION.—Notwithstanding any other provision of this subpart, voluntary participation in certification assessments by the Board shall be open to home school, private school, and public school teachers.

[(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $20,000,000 for the period beginning October 1, 1992, and ending September 30, 1997, to carry out the provisions of this subpart.

[Subpart 2—Alternative Routes to Teacher Certification and Licensure]

[Subpart 3—Class Size Demonstration Grant

[SEC. 561. [20 U.S.C. 1109] PURPOSE.

[It is the purpose of this subpart to provide grants to local educational agencies to enable such agencies to determine the benefits in various school settings of reducing class size on the educational performance of students and on classroom management and organization.

[SEC. 562. [20 U.S.C. 1109a] PROGRAM AUTHORIZED.

[(a) PROGRAM AUTHORIZED.—

[(1) In General.—The Secretary shall carry out a program of awarding grants, in accordance with the provisions of this subpart, to local educational agencies to pay the Federal share of the costs of conducting demonstration projects that demonstrate methods of reducing class size which may provide information meaningful to other State and local educational agencies.

[(2) FEDERAL SHARE.—The Federal share shall be 50 percent.

[(b) RESERVATION.—The Secretary may reserve not more than 5 percent of the amount appropriated pursuant to the authority of section 565A in each fiscal year to carry out the evaluation activities described in section 565.

[(c) SELECTION CRITERIA.—The Secretary shall make grants to local educational agencies on the basis of—

[(1) the need and the ability of a local educational agency to reduce the class size of an elementary or secondary school served by such agency;

[(2) the ability of a local educational agency to furnish the non-Federal share of the costs of the demonstration project for which assistance is sought;

[(3) the ability of a local educational agency to continue the project for which assistance is sought after the termination of Federal financial assistance under this subpart; and

[(4) the degree to which a local educational agency demonstrates in the application submitted pursuant to section 564 consultation in program implementation and design with parents, teachers, school administrators, and local teacher organizations, where applicable.

[(d) PRIORITY.—In awarding grants under this subpart, the Secretary shall give priority to demonstration projects that involve at-risk students, including educationally or economically disadvantaged students, students with disabilities, limited-English proficient students, and young students.

[(e) GRANTS MUST SUPPLEMENT OTHER FUNDS.—A local educational agency shall use the Federal funds received under this subpart to supplement and not supplant other Federal, State and local funds available to the local educational agency.

[SEC. 563 [20 U.S.C. 1109b] PROGRAM REQUIREMENTS.

[(a) ANNUAL COMPETITION.—In each fiscal year, the Secretary shall announce the factors to be examined in a demonstration project assisted under this subpart. Such factors may include—

[(1) the magnitude of the reduction in class size to be achieved;

[(2) the level of education and the subject areas in which the demonstration projects shall occur;

[(3) the form of the instructional strategy to be demonstrated; and

[(4) the duration of the project.

[(b) RANDOM TECHNIQUES AND APPROPRIATE COMPARISON GROUPS.—Demonstration projects assisted under this subpart shall be designed to utilize randomized techniques or appropriate comparison groups, where feasible.

[SEC. 564. [20 U.S.C. 1109c] APPLICATION.

[(a) IN GENERAL.—In order to receive a grant under this subpart a local educational agency shall submit an application to the Secretary that is responsive to the announcement described in section 563(a), at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) DURATION.—The Secretary shall encourage local educational agencies to submit applications under this subpart for a period of 3 years.

[(c) CONTENTS.—Each application submitted pursuant to subsection (a) shall include—

[(1) a description of the objectives to be attained with the financial assistance made available under this subpart and the manner in which such financial assistance shall be used to reduce class size;

[(2) a description of the steps to be taken to achieve target class sizes, including, where applicable, the acquisition of additional teaching personnel and classroom space;

[(3) a statement of the methods for the collection of data necessary for the evaluation of the impact of class size reduction programs on student achievement;

[(4) an assurance that the local educational agency shall pay from non-Federal sources the non-Federal share of the costs of the demonstration project for which assistance is sought; and

[(5) such additional assurances as the Secretary may reasonably require.

[(d) SUFFICIENT SIZE AND SCOPE REQUIRED.—The Secretary shall only award grants under this subpart to applicants having applications which describe projects of sufficient size and scope to contribute to carrying out the purposes of this subpart.

[SEC. 565. [20 U.S.C. 1109d] EVALUATION AND DISSEMINATION.

[(a) NATIONAL EVALUATION.—The Secretary shall conduct a national evaluation of the demonstration projects assisted under this subpart to determine the cost incurred in achieving the reduction in class size and the effects of the reductions on outcomes, such as student performance in the affected subjects or grades, attendance, discipline, classroom organization, management, and teacher satisfaction and retention.

[(b) COOPERATION.—Each local educational agency receiving a grant under this subpart shall cooperate in the national evaluation described in subsection (a) and shall provide such information to the Secretary as the Secretary may reasonably require.

[(c) REPORTS.—The Secretary shall report to the Congress on the results of the evaluation conducted pursuant to subsection (a).

[(d) DISSEMINATION.—The Secretary shall widely disseminate information about the results of the class size demonstration projects assisted under this subpart.

SEC. 565A. [20 U.S.C. 1109e] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 4—Middle School Teaching Demonstration Programs

[SEC. 566. [20 U.S.C. 1110] STATEMENT OF PURPOSE.

[It is the purpose of this subpart to provide financial assistance to institutions of higher education which offer teacher training or retraining programs to develop model programs with a specialized focus on teaching grades 6 through 9.

[SEC. 567. [20 U.S.C. 1110a] DEFINITIONS.

[As used in the subpart:

[(1) The term "developmentally appropriate" means a program that is appropriate for a child's age and all areas of an individual child's development, including educational, physical, emotional, social, cognitive, and communication.

[(2) The term "middle school" means a school which enrolls students in at least two of the grades 6, 7, 8, and 9.

SEC. 568. [20 U.S.C. 1110b] PROGRAM AUTHORIZED.

[(a) IN GENERAL.—The Secretary is authorized to make grants, on a competitive basis, to institutions of higher education to develop model programs with a specialized focus on teaching grades 6 through 9.

[(b) SPECIAL RULE.—

[(1) EQUITABLE DISTRIBUTION.—The Secretary shall ensure an equitable geographic distribution of grants awarded under this subpart.

[(2) CONSIDERATION.—The Secretary shall take into consideration equitable levels of funding for urban and rural areas in awarding grants under this subpart.

[(c) GRANT PERIOD.—Grants under this subpart may be awarded for a period not to exceed 3 years.

[(d) FUNDING LIMITATION.—Grants awarded under this subpart may not exceed $250,000 in the first year of funding.

[SEC. 569. [20 U.S.C. 1110c] APPLICATION.

[(a) IN GENERAL.—Each institution of higher education desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall demonstrate that—

[(1) the applicant will establish and maintain a program of teacher training or retraining designed to offer specialized preparation for individuals teaching grades 6 through 9;

[(2) the applicant has designed a program of teacher training or retraining which includes—

[(A) a study of adolescent development (including cognitive, social, and emotional) with particular emphasis on early adolescent development;

[(B) a study of the influence of institutions such as schools, families, and peer groups in the socialization of adolescents;

[(C) information concerning the organization of schools for students in grades 6 through 9, with particular emphasis on developmentally appropriate school and classroom organization and practices;

[(D) training in at least 2 subject areas and related instructional strategies;

[(E) direct experience through internships in middle grade schools under the guidance of teachers who demonstrate exemplary classroom practices;

[(F) strategies for the prevention and detection of high risk behavior, particularly drug and alcohol abuse, and for the enhancement of self esteem among adolescents;

[(G) a study of effective methods and models of presenting substance abuse information and education to adolescent students; and

[(H) methods of encouraging parental and community involvement with middle schools; and

[(3) the program will be designed and operated with the active participation of classroom teachers and will include an in-service training component.

[SEC. 570. [20 U.S.C. 1110d] REPORTS AND INFORMATION DISSEMINATION.

[Each institution of higher education receiving a grant under this subpart shall submit to the Secretary such reports and other information regarding programs conducted under this subpart as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education, State educational agencies, and local educational agencies.

[SEC. 570A. [20 U.S.C. 1110e] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

[PART E—MINORITY TEACHER RECRUITMENT

[Subpart 1—New Teaching Careers

[SEC. 571. [20 U.S.C. 1111] STATEMENT OF PURPOSE.

[It is the purpose of this subject to establish and operate new career programs to attract minority candidates, who are in school support of paraprofessional positions in shortage area schools serving disadvantaged students, to careers as certified or licensed teachers.

[SEC. 572. [20 U.S.C. 1111a] STATE GRANT AUTHORITY; APPLICATIONS.

[(a) AUTHORITY.—

[(1) GRANTS BY SECRETARY.—In any fiscal year in which appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with this subpart, to award grants, on a competitive basis, to States to enable States to pay the Federal share of supporting programs that carry out the purpose of this subpart.

[(2) STATE GRANT PROGRAM.—In any fiscal year in which appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States in accordance with allocations under subsection (b) to enable States to pay the Federal share of supporting programs that carry out the purposes of this subpart.

[(b) ALLOCATION AMONG STATES.—Except as provided in subsection (a)(1), each State shall be eligible to receive a grant under this subpart in each fiscal year that bears as nearly as possible the same ratio to the amount appropriated under section 576C as the allocation of funds under part A of title I of the Elementary and Secondary Education Act of 1965 in that State bears to the total allocation of such funds in all States, except that no State grant shall be less than $500,000 in fiscal year.

[(c) DURATION OF GRANT.—Each grant awarded under this subpart shall be awarded for a term of 5 years, subject to the availability of appropriations.

[(d) FEDERAL SHARE.—The Federal share of each grant awarded under this subpart shall be 75 percent in the first year in which the State receives a grant, 65 percent in the second such year, 55 percent in the third such year, 45 percent in the fourth such year, and 35 percent in the fifth such year.

[(e) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this part may be in cash or in kind fairly evaluated, including planned equipment or services.

[(f) SUBMISSION OF STATE APPLICATIONS.—In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall—

[(1) contain assurances that the State will award grants on a competitive basis to eligible recipients submitting applications described in section 574;

[(2) set forth a program of activities for carrying out the purposes set forth in this subpart in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies,procedures, and assurances as the Secretary may require by regulation.

[SEC. 573. [20 U.S.C. 1111b] AGREEMENTS.

[Each State receiving a grant under this subpart shall enter into an agreement with the Secretary. Each such agreement shall include provisions designed to ensure that—

[(1) the State educational agency, the State higher education agency, or the State agency which administers subpart 4 of part A of title IV, relating to State student incentive grants, will administer the program authorized by this subpart in the State;

[(2) the State educational agency or higher education agency will use not more than 5 percent of the grant it receives for administrative expenses;

[(3) the State educational agency or higher education agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary; and

[(4) the State will establish a system for the evaluation of the programs assisted under this subpart.

[SEC. 574. [20 U.S.C. 1111c] APPLICATION.

[(a) IN GENERAL.—A grant under this subpart may be made only to an eligible recipient which submits an application to the State containing or accompanied by such information as the State may reasonably require.

[(b) CONTENTS OF APPLICATION.—Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) set forth the number of expected participants in each program assisted under this subpart;

[(3) demonstrate steps on a career ladder leading to the position of fully credentialed teacher, ranging from nonskilled entry positions, extending through intermediate subprofessional functions, and terminating in full professional status as

a certified teacher duly recognized by the appropriate State agency;

[(4) contain assurances that advancement within such career ladders would be based on merit, but that the opportunity for professional growth is available to all;

[(5) demonstrate a plan for employing permanently individuals who have participated in the program at their new level of training, including individuals who terminate the program at a level below that of fully credentialed teacher;

[(6) demonstrate a plan for bringing a sizable portion of the educational program and coursework to the place of the participant's employment;

[(7) demonstrate a plan for providing academic credit for in service training and other relevant experience as well as formal academic coursework;

[(8) provide for participation of individuals who have attained various levels of education, including individuals who have not completed high school, with special consideration for such participation given to individuals already serving within the school system;

[(9) provide assurance that the program assisted under this subpart will be available to individuals with disabilities; and

[(10) contain such other assurances as the State may reasonably require.

[SEC. 575. [20 U.S.C. 1111d] REQUIREMENTS.

[(a) GENERAL REQUIREMENTS.—An eligible recipient of a grant under this subpart shall require that any paraprofessional who receives student financial assistance under this subpart and who becomes a fully certified or licensed teacher enter into an agreement under which the paraprofessional shall—

[(1) within the 10-year period after completing the post-secondary education for which the assistance was provided, act as an educational professional or a paraprofessional in the local educational agency that is a consortium member of the eligible recipient providing such assistance, or, if no teaching position is offered by such local educational agency, in a shortage area school approved by the State for a period of not less than one year for each full-time academic year or equivalent for which the assistance was received;

[(2) provide to the State evidence of compliance with paragraph (1); and

[(3) repay that portion of the student financial assistance received under this subpart which was provided for tuition, plus interest and reasonable collection costs (if applicable), in the event that the teacher fails to comply with the conditions of paragraph (1), in accordance with the regulations prescribed by the Secretary under section 527, except that the provisions of this paragraph shall not apply to anyone for whom no teaching position was made available by the local educational agency or State, or in the circumstances provided in section 528.

[(b) AMOUNT OF FINANCIAL ASSISTANCE.—The amount of financial assistance awarded under this subpart shall be reduced by the amount that the financial assistance exceeds the student's cost of attendance, as defined in section 472. Financial assistance awarded

under this subpart shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 576. [20 U.S.C. 1111e] SPECIAL CONSIDERATION.

[In awarding grants under this subpart, the State shall give special consideration to—

[(1) programs designed to identify, recruit, and certify—

[(A) speakers of non-English languages who have been trained as teachers in their home country; or

[(B) individuals already employed in a local educational agency; and

[(2) eligible recipients located in shortage areas as defined in section 576B.

[SEC. 576A. [20 U.S.C. 1111f] USE OF FUNDS.

[Funds provided to eligible recipients pursuant to this subpart may be used for—

[(1) tuition or part or all of the costs of attendance (as determined under section 472) for participants in programs assisted under this subpart;

[(2) the release time of such participants;

[(3) instructional and supportive services for such participants in such programs; and

[(4) stipends for child care to such participants whose academic coursework takes place outside the normal workday.

[SEC. 576B. [20 U.S.C. 1111g] DEFINITIONS.

[For the purpose of this subpart—

[(1) the term "certified or licensed teacher" means an individual who possesses a document certifying that the individual has met the requirements of a State for employment as a teacher in the public schools of that State (including individuals who have been certified as specialists in preschool and early childhood education);

[(2) the term "eligible recipient" means a consortium of—

[(A) an institution of higher education, and

[(B) one or more local educational agencies.

[(3) the term "paraprofessional" means an individual with at least a high school diploma or recognized equivalent who is employed in a preschool or elementary or secondary school under the supervision of a certified or licensed teacher, including individuals employed in bilingual education, special education, and migrant education;

[(4) the term "school support" means an individual who is employed by a local educational agency; and

[(5) the term "shortage area" means (A) an area the Secretary has designated as an area with a shortage of elementary and secondary school teachers, or (B) a shortage in a designated subject area as described in section 530A of this Act.

[SEC. 576C. [20 U.S.C. 1111h] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 2—Programs to Encourage Minority Students to Become Teachers

[SEC. 577. [20 U.S.C. 1112] STATEMENT OF PURPOSE.

[It is the purpose of the program conducted pursuant to section 578 to carry out activities designed to—

[(1) improve recruitment and training opportunities in education for minority individuals, including language minority individuals;

[(2) increase the number of minority teachers, including language minority teachers, in elementary and secondary schools; and

[(3) to identify and encourage minority students in the 7th through the 12th grades to aspire to, and to prepare for, careers in elementary and secondary school teaching.

SEC. 578. [20 U.S.C. 1112a] PARTNERSHIP GRANTS AUTHORIZED.

[(a) AUTHORITY.—The Secretary is authorized to make grants to pay the Federal share of carrying out the purposes of this subpart to a partnership between—

[(1) one or more institutions of higher education which have a demonstrated record and special expertise in carrying out the purposes of this subpart; and

[(2)(A) one or more local educational agencies;

[(B) a State educational agency or a State higher education agency; or

[(C) community-based organizations.

[(b) FEDERAL SHARE.—The Federal share of each grant awarded under this section shall be 50 percent.

[(c) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this section may be in cash or kind fairly evaluated, including planned equipment or services.

[(d) ADMINISTRATIVE COSTS.—Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

[SEC. 579. [20 U.S.C. 1112b] PARTNERSHIP AGREEMENT.

[(a) IN GENERAL.—In order to be eligible for a grant under section 578, a partnership shall enter into a written partnership agreement. All partners shall sign the agreement.

[(b) CONTENTS OF AGREEMENT.—The agreement shall include—

[(1) a listing of all participants in the partnership;

[(2) a description of the responsibilities of each participant in the partnership; and

[(3) a listing of the resources, if any, to be contributed to the partnership.

[(c) SELECTION CRITERIA.—In making grants under section 578, the Secretary shall approve applications which contain provision for projects designed to carry out the purposes describes in section 577 and which—

[(1) identify students who indicate an interest in entering the teaching profession, and provide such individuals with support programs such as—

[(A) scholarship funds to meet expenses;

[(B) remedial and tutoring programs;

[(C) counseling and support services;

[(D) academic advice and guidance in course selection to prepare for teacher certification;

[(E) information and advice regarding eligibility for membership in the Teacher Corps established under subpart 3 of part C of this title, and other financial assistance programs;

[(F) teaching mentors;

[(G) motivational activities;

[(H) teaching skill development;

[(I) future teacher clubs; and

[(J) instruction in test-taking skills.

[(2) establish or strengthen teacher training programs;

[(3) establish or enhance early identification/articulation partnership programs with secondary schools and community colleges;

[(4) establish partnerships with graduate schools of education to foster and facilitate the movement of minority students into post-graduate studies;

[(5) establish programs and activities which foster and facilitate the movement of students interested in pursuing teaching careers from 2-year institutions to 4-year institutions, focusing particular attention on facilitating the transfer of academic credit; and

[(6) improve existing assessment practices that determine an individual's qualifications to become a teacher.

[SEC. 580. [20 U.S.C. 1112c] APPLICATION FOR TEACHER PARTNERSHIPS PROGRAM.

[(a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under section 578 shall submit an application to the Secretary.

[(b) CONTENTS OF APPLICATION.—The application shall include—

[(1) the written and signed partnership agreement required by section 579;

[(2) set forth the individuals to be served;

[(3) a listing of the elementary, if applicable, and secondary schools of the local educational agency to be involved in the program assisted under this subpart;

[(4) a description of the services and activities to be offered under the program assisted under this subpart; and

[(5) such additional information and assurances as the Secretary may reasonably require.

[(c) STATE EDUCATIONAL AGENCY REVIEW.—Each application from a partnership for a grant under section 578 shall be forwarded to the appropriate State educational agency (unless the State educational agency is a member of the partnership) for review and comment if the State educational agency requests the opportunity for such a review. The State educational agency must complete a review of such application and comment to the Sec-

retary within 30 calendar days of receipt. Failure of the State educational agency to submit comments to the Secretary shall not prejudice such application.

[SEC. 580A. [20 U.S.C. 1112d] TEACHER PLACEMENT PROGRAM.

[(a) GRANTS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education that have schools or departments of education to pay the Federal share of developing and carrying out programs and activities designed to—

[(A) prepare and train students to become elementary and secondary school teachers; and

[(B) to the extent practicable, place the students as teachers in urban and rural public or private nonprofit elementary or secondary schools where at least 50 percent of students enrolled are from minority groups.

[(2) FEDERAL SHARE.—The Federal share of each grant awarded under this section shall be 50 percent.

[(3) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this section may be in cash or in kind fairly evaluated, including planned equipment or services.

[(b) USE OF FUNDS.—Grants under this section may be used for the costs of developing and carrying out the program of teacher preparation, training, and placement described in subsection (a).

[(c) APPLICATIONS.—No grant may be made under this section unless an application to the Secretary is made by the institution of higher education at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(d) SPECIAL CONSIDERATION.—The Secretary is authorized, in making grants under this section, to give special consideration to historically Black colleges and universities and to institutions which—

[(1) are eligible to receive funds under part C of title X; and

[(2) have enrollments of at least 50 percent minority students in their teacher education programs.

[(e) PERFORMANCE INCENTIVE.—In any fiscal year beginning after September 30, 1993, the Secretary may, based upon evaluation and monitoring of programs assisted under this section, increase the Federal share for a recipient of funds under this section for the succeeding fiscal year to 75 percent, if the Secretary determines that there is demonstrated success in the operation of the program assisted by such recipient.

[(f) ADMINISTRATIVE COSTS.—Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

[SEC. 580B. [20 U.S.C. 112e] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $15,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years, of which not more than ⅔ shall be available to carry out programs under section 578 and not less than ⅓ shall be available to carry out programs under section 580A.

[PART F—PROGRAMS FOR SPECIAL POPULATIONS

[Subpart 1—National Mini Corps Program

[SEC. 581. [20 U.S.C. 1113] NATIONAL MINI CORPS.

[(a) PROGRAM AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education to enable such institutions to establish partnerships with local educational agencies to carry out the purposes of the National Mini Corps Program.

[(b) DEFINITIONS.—As used in this subpart—

[(1) the term "children" means children who are eligible to receive services under part A or C of title I of the Elementary and Secondary Education Act of 1965; and

[(2) the term "individual" (A) has the same meaning as the terms "first generation college student" and "low income individual" as defined under section 402A(g) of this Act, or (B) means a student enrolled in an institution of higher education who is the child of current or former migratory workers (including migratory agricultural dairy workers) or of migratory fishermen

[(c) PURPOSE OF THE PROGRAM.—It is the purpose of the National Mini Corps Program to—

[(1) provide individuals who are enrolled or plan to enroll in an institution of higher education with advisement, training, and instructional services, and to encourage individuals to be role models for children;

[(2) provide outreach and recruitment services to encourage individuals to enroll in teacher education programs;

[(3) provide support and instructional services to individuals who are enrolled in an institution of higher education to enable such individuals to provide direct instructional services, which are coordinated with the overall educational goals of the State or local educational agency, to children eligible to receive services under title I of the Elementary and Secondary Education Act of 1965 during the regular school year or summer term. Such support and services may include—

[(A) lessons and provisions of materials that meet the academic needs of children in the classroom;

[(B) supplemental instruction to reinforce the basic skills and concepts provided through instruction by the teacher;

[(C) instruction in other subject areas;

[(D) academic assistance, home visits, parental involvement, parent-student advisement services, and family advocacy; and

[(E) stipends for individuals who participate in the program assisted under this subpart for at least 10 but not more than 15 hours per week;

[(4) designate college coordinators at participating institutions of higher education to train, supervise, and assign individuals to carry out the activities of this subpart in cooperation

with State and local educational agencies in which children with special needs have been identified; and

[(5) support other appropriate activities related to encouraging individuals to enter the teaching profession and to provide a link to the community.

[(d) APPLICATION REQUIRED.—Institutions of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary which shall include—

[(1) a written partnership agreement with the State and local educational agency in which the children have been identified for participation in the activities under this subpart;

[(2) a description of the strategies that will be employed to engage the community generally in the activities and programs supported by the programs under this subpart;

[(3) a description of the process by which individuals will be recruited and selected to participate in the programs assisted under this subpart;

[(4) a description of the programs and activities which will be supported by the programs under this subpart; and

[(5) such other information as the Secretary considers necessary to determine the nature of the local needs, the quality of the proposed Mini Corps Program, and the capability of the applicant to implement the proposed Mini Corps Program.

[(e) AWARDING OF GRANTS.—In awarding grants under this subpart, the Secretary shall ensure, to the extent practicable, that—

[(1) grants are equitably distributed on a geographic basis throughout the Nation and among a variety of communities;

[(2) the amount of the grant awarded is proportionate to the number of individuals and children who, on the basis of the grant application, are expected to be involved in the programs and activities supported by the National Mini Corps; and

[(3) not less than 30 percent of the grants awarded under this subpart are awarded for programs serving migrant students and children.

[(f) USES OF FUNDS.—Funds provided under this part may be used for planning, implementing and operating a National Mini Corps Program, except that not more than 5 percent of any grant received under this subpart may be used for administrative costs.

[(g) EVALUATION.—The Secretary shall, by January 1, 1996, evaluate the demonstration program assisted under this part and report the results of such evaluation to the appropriate committees of the Congress.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 2—Foreign Language Instruction

[SEC. 586. [20 U.S.C. 1114] DEMONSTRATION GRANTS FOR CRITICAL LANGUAGE AND AREA STUDIES.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to make demonstration grants to eligible consortia to enable such eligible consortia to—

[(1) operate critical language and area studies programs;

[(2) develop and acquire educational equipment and materials; and

[(3) develop teacher training programs, texts, curriculum, and other activities designed to improve and expand the instruction of foreign languages at elementary and secondary schools across the Nation.

[(b) GRANT LIMITATION.—The Secretary shall not award a grant which exceeds $2,000,000 to an eligible consortium under this section in any fiscal year, but shall award grants of sufficient size, scope and quality for a program of comprehensive instruction of foreign languages.

[(c) SPECIAL RULES.—

[(1) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to eligible consortia with demonstrated, proven effectiveness in the field of critical language and area studies and which have been in existence for at least 1 year prior to applying for a grant under this section.

[(2) EQUITABLE DISTRIBUTION.—In awarding grants under this section, the Secretary shall take into consideration providing an equitable geographic distribution of such grants among the regions of the United States.

[(3) PROGRAM REQUIREMENT.—Each eligible consortium receiving a grant under this section shall include in the activities assisted pursuant to such grant, a study abroad or cultural exchange program.

[(d) ELIGIBLE CONSORTIUM.—

[(1) IN GENERAL.—For the purposes of this section, the term "eligible consortium" means a cooperative effort between entities in one or more States that must include at least 4 schools, of which—

[(A) one shall be an institution of higher education;

[(B) one shall be a secondary school with experience in teaching critical languages;

[(C) one shall be a secondary school with experience in teaching critical languages and in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965; and

[(D) one shall be a secondary school in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965.

[(2) NONPROFIT ORGANIZATIONS.—Each eligible consortium described in paragraph (1) may include a nonprofit organization to provide services not otherwise available from the entities described in paragraph (1).

[(e) ADMINISTRATION.—Each eligible consortium receiving a grant under this section may use not more than 10 percent of such grant for administrative expenses.

[(f) APPLICATION.—

[(1) IN GENERAL.—Except as provided in paragraph (2), each eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such

manner and accompanied by such information as the Secretary may reasonably require.

[(2) SPECIAL RULE.—The State educational agency or State higher education agency responsible for the supervision of any one school participating in an eligible consortium may submit the application described in paragraph (1) on behalf of such eligible consortium.

[(g) DEFINITIONS.—For purposes of this section, the term "critical language" means each of the languages contained in the list of critical languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413).

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[SEC. 587. [20 U.S.C. 1114A] DEVELOPMENT OF FOREIGN LANGUAGE AND CULTURE INSTRUCTIONAL MATERIALS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to provide one or more grants on a competitive basis to a State or local educational agency, an institution of higher education, a private nonprofit foreign language organization, a nonprofit education association, or a consortium thereof, to enable such entity to act as a resource center for—

[(1) coordinating the development of and disseminating foreign language and culture instructional material, including children's literature in foreign languages, videotapes and computer software, and teacher's instructional kits relating to international study; and

[(2) encouraging the expanded use of technology in teaching foreign languages and culture at the elementary school level and, when the needs of elementary schools have been met, at the secondary school level, with a particular emphasis on expanding the use of technology in teaching foreign languages and culture at elementary and secondary schools that have proportionally fewer resources available for teaching foreign languages and cultures, including schools in urban and rural areas.

[(b) COORDINATION.—In developing materials and technologies under this section, the Secretary shall, where appropriate, make use of materials and technologies developed under the Star Schools Program Assistance Act.

[(c) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated $4,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[Subpart 3—Small State Teaching Initiative

[SEC. 591. [20 U.S.C. 1115] MODEL PROGRAMS AND EDUCATIONAL EXCELLENCE.

[(a) PURPOSE.—It is the purpose of this section to provide sufficient funds to small States to enable such States to develop model

programs for educational excellence, teacher training and educational reform.

[(b) PROGRAM AUTHORIZED.—

[(1) AUTHORITY.—The Secretary is authorized to make grants to small States in order to enable such States to make grants to eligible institutions for the purpose of enhancing and improving the quality of teacher education, training, and recruitment in the Nation's smallest States.

[(2) EQUITABLE DISTRIBUTION.—The Secretary shall award grants described in paragraph (1) in equal amounts among small States having applications approved under subsection (e).

[(c) INSTITUTIONAL USE OF FUNDS.—Eligible institutions receiving funds under this section may use such funds for the development of innovative teaching techniques and materials, preservice and inservice training programs, renovation of training facilities and construction of model classrooms.

[(d) DEFINITIONS.—

[(1) SMALL STATE.—For the purposes of this section the term "small State" means a State the total population of which is less than 1,108,500 as reported in the 1990 Census of Population and Housing.

[(2) ELIGIBLE INSTITUTION.—For the purposes of this section, the term "eligible institution" means any institution of higher education (as such term is defined in section 1201(a)) that is located in a small State and that provides a course of study which prepares an individual to become a classroom teacher.

[(e) APPLICATION.—Any eligible institution which desires to receive a grant under this section shall submit to the State an application which—

[(1) if the State educational agency is not administering the program assisted under this subpart, certifies that the State educational agency has participated in the development of the application;

[(2) provides for a process of active discussion and consultation with an advisory committee convened by the State educational agency and the eligible institution; and

[(3) describes how the institution will use the funding.

[(f) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of this part there are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary in each of the 4 succeeding fiscal years.

[Subpart 4—Faculty Development Grants

[SEC. 593. [20 U.S.C. 1116] TRAINING GRANTS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to award grants to institutions of higher education to enable such institutions to—

[(1) develop model programs that provide training to secondary school faculty to prepare students with disabilities for postsecondary educational opportunities; and

[(2) establish programs of faculty development for faculty who teach in an institution of higher education to prepare such

faculty for the enrollment of students with disabilities at such institution.

[(b) USE OF GRANTS.—The grants described in subsection (a) may be used to—

[(1) provide scholarships, including stipends and allowances, to faculty described in paragraph (1) or (2) of subsection (a);

[(2) develop materials and inservice programs to assist such faculty in making the curriculum at an institution of higher education accessible to students with disabilities; and

[(3) provide funds to support the release of such faculty from teaching assignments for the purpose of educating such faculty regarding the needs of students with disabilities.

[(c) SPECIAL RULES.—The Secretary shall ensure that grants awarded under subsection (a)(1) are used for programs that are in compliance with State and professionally recognized standards for the training of special education personnel.

[(d) APPLICATION.—Each institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 5—Early Childhood Education Training

[SEC. 596. [20 U.S.C. 1117] TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.

[(a) PROGRAM AUTHORIZED.—The Secretary shall award grants to institutions of higher education to enable such institutions to establish innovative programs to recruit and train students for careers in—

[(1) early childhood development and care, or preschool programs; or

[(2) providing counseling to young children from birth to 6 years of age who have been affected by violence and to adults who work with such young children.

[(b) APPLICATION.—An institution of higher education desiring a grant pursuant to subsection (a) shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require. Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) contain a plan in accordance with subsection (c);

[(3) demonstrate that such institution has the capacity to implement such plan; and

[(4) provide assurances that such plan was developed in consultation with agencies and organizations that will assist the institution in carrying out such plan.

[(c) PLAN.—Each application described in subsection (a) shall contain a comprehensive plan for the recruitment, retention, and

training of students seeking careers in early childhood development or violence counseling. Such plan shall include a description of—

[(1) specific strategies for reaching students at secondary schools, community colleges, undergraduate institutions, or other agencies and institutions from which such students are to be drawn for participation in the program, including any partnerships with such institutions;

[(2) specific strategies for retaining such students in the program, such as summer sessions, internships, mentoring, and other activities;

[(3) methods that will be used to ensure that students trained pursuant to the plan will find employment in early childhood education, development and care, or violence counseling;

[(4) the goals, objectives, and timelines to be used in assessing the success of the plan and of the activities assisted under this section;

[(5) the curriculum and training leading to the degree or credential that prepares students for the careers described in the plan;

[(6) the special plans, if any, to assure that students trained pursuant to the plan will be prepared for serving in economically disadvantaged areas; and

[(7) sources of financial aid, to ensure that the training program offered pursuant to this section is available to all qualified students.

[(d) SELECTION AND PRIORITIES.—In evaluating the applications submitted under this section, the Secretary shall prescribe criteria regarding such evaluation and shall give priority in granting funds to institutions that—

[(1) prepared students for work in economically disadvantaged areas;

[(2) plan to focus their recruitment, retention, and training efforts on disadvantaged students; and

[(3) have demonstrated effectiveness in providing the type of training for which the institution seeks assistance under this section.

[(e) DURATION AND AMOUNT.—

[(1) DURATION.—A grant under this section shall be awarded for a period of not less than 3 years nor more than 5 years.

[(2) AMOUNT.—The total amount of the grant awarded under this section to any institution of higher education for any 1 year shall not be less than $500,000 nor more than $1,000,000.

[SEC. 597. [20 U.S.C. 1117a] EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary shall award grants, on a competitive basis, to States in accordance with the provisions of this section.

[(2) DURATION.—Grants under this section shall be awarded for a period of 5 years.

[(b) APPLICATION.—A State desiring a grant pursuant to this section shall submit an application to the Secretary at such time, in

such form and containing or accompanied by such information or assurances as the Secretary may require.

[(c) LEAD AGENCY.—

[(1) DESIGNATION OF LEAD AGENCY.—The chief executive officer of a State, in consultation with the State educational agency, desiring to receive a grant shall designate an appropriate State agency to act as the lead agency to—

[(A) administer funds received under this section;

[(B) develop a State plan pursuant to subsection (e); and

[(C) coordinate the provision of service with other appropriate Federal, State, and local programs.

[(2) ADVISORY COMMITTEE.—The lead agency shall establish an advisory committee, described in subsection (d), to assist in developing the plan required under subsection (e).

[(d) ADVISORY COMMITTEE.—Each advisory committee established pursuant to subsection (c)(2) shall consist of a representative of the following agencies, institutions, organizations, divisions, programs or departments in the State to the extent such entities exist within such State:

[(1) The lead State agency responsible for administrating funds received under the Child Care and Development Block Grant Act.

[(2) Other State agencies administering or regulating childhood, early childhood development or education programs.

[(3) Institutions of higher education.

[(4) Organizations representing early childhood development staff and parents.

[(5) A local child care resource and referral agency or an organization representing local child care resource and referral.

[(6) A State Head Start association.

[(7) An organization with significant experience in training in the fields of early childhood development, early care and early education.

[(8) State agencies or departments administering or regulating employment, job training, and community development programs.

[(e) State Plan.—

[(1) IN GENERAL.—Each State desiring a grant under this section shall submit, though the lead agency, a plan to the Secretary at such item, in such manner and accompanied by such information as the Secretary may reasonably require. The Secretary shall consult with the Secretary of Health and Human Services regarding the contents of such plan.

[(2) CONTENTS.—Each plan submitted pursuant to subsection (a) shall—

[(A) identify the lead agency as described in subsection (c);

[(B) assess the training offerings and content of such offerings, amount of training required for an early childhood development staff license or certificate, compensation, recruitment and turnover of staff, and any coordination of training offerings and professional growth of early childhood development staff in the State;

[(C) describe the goals of the activities assisted under this part; and

[(D) describe how the State shall—

[(i) identify and maintain a career development path, based on a progression of roles for early childhood development staff, with each role articulated with training and different levels of responsibility and suggested compensation, in such manner as will permit an individual to qualify for a more responsible role;

[(ii) ensure that trainers of early childhood development staff in the State are qualified, licensed or certified in accordance with State law;

[(iii) describe the ways in which the State will encourage the coordination of training programs among institutions of higher education, including, if practicable, transfer of credits among institutions;

[(iv) set forth the ways in which the State will pay the costs of any assessment, credentialing, certification, licensing, training offering, training inventory, increase in staff participation in training, or other services assisted by a grant under this section;

[(v) describe the ways in which the State plans to coordinate the various State and local agencies and organizations to maximize coordination of standards and requirements for certifications, licenses, and accreditations.;

[(vi) describe the ways in which the State will compile and disseminate information on—

[(I) training offerings;

[(II) requirements for admission into courses and programs;

[(III) requirements for a license, certificate, credential, or degree to which such offerings may be applied;

[(IV) funding sources available for such activities; and

[(V) the cost of training offerings; and

[(vii) describe the ways in which the State will use the funds received under this section and any other funds available to the State to carry out the activities described in the State plan.

[SEC. 598. [20 U.S.C. 1117b] REPORT.

[Each institution of higher education or State receiving a grant under this subpart shall submit to the Secretary program reports and evaluations at such times and containing such information as the Secretary may require.

SEC. 589. [20 U.S.C. 1117c] AUTHORIZATION OF APPROPRIATIONS.

[(a) TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.—To carry out activities described in section 596, there are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.—To carry out activities described in section 597, there are authorized to be approriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

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[PART C] *PART A*—JACOB K. JAVITS FELLOWSHIP PROGRAM

SEC. [931] *511.* [20 U.S.C. 1134h] AWARD OF JACOB K. JAVITS FELLOWSHIPS.

(a) AUTHORITY AND TIMING OF AWARDS.—The Secretary is authorized to award fellowships in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement*, financial need* and exceptional promise. These fellowships shall be awarded to [students intending] *students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend* to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master's degree in those fields in which the master's degree is [commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution] *the terminal highest degree awarded in the area of study*. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year *following the fiscal year* for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

(b) DESIGNATION OF FELLOWS.—Students receiving awards under this part shall be known as "Jacob K. Javits Fellows".

(c) INTERRUPTIONS OF STUDY.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

(d) PROCESS AND TIMING OF COMPETITION.—The Secretary shall make applications for fellowships under this part available not later than October 1 of the academic year preceding the academic year for which fellowships will be awarded, and shall announce the recipients of fellowships under this section not later than March 1 of the academic year preceding the academic year for which the fellowships are awarded.

(e) AUTHORITY TO CONTRACT.—The Secretary is authorized to enter into a contract with a nongovernmental agency to administer the program assisted under this part if the Secretary determines that entering into the contract is an efficient means of carrying out the program.

SEC. [923] *512*. [20 U.S.C. 1134i] ALLOCATION OF FELLOWSHIPS.

(a) FELLOWSHIP BOARD.—

(1) APPOINTMENT.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this part referred to as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly [knowledgeable about and have experience] *representative of a range of discipline,* in graduate education in arts, humanities, and social sciences.

(2) DUTIES.—The Board shall—

(A) establish general policies for the program established by this part and oversee its operation;

[(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;]

(B) establish general criteria for the award of fellowships in academic fields identified by the Board, or, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program assisted under this part, by such nongovernmental entity;

(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows except that, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity; and

(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

(3) CONSULTATIONS.—In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institution, learned societies, and professional organizations.

(4) TERM.—The term of office of each member of the Board shall be 4 years, except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

(5) INITIAL MEETING; VACANCY.—The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairperson and a Vice Chairperson, who shall serve until 1 year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall

elect an individual from among the members of the Board to fill such vacancy.

(6) QUORUM; ADDITIONAL MEETINGS.—(A) A majority of the members of the Board shall constitute a quorum.

(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

(7) COMPENSATION.—Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate of basic pay payable for level IV of the Executive Schedule, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(b) USE OF SELECTION PANELS.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Board to make such selections under criteria established by the Board *except that in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity.* The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Board.

(c) FELLOWSHIP PORTABILITY.—Each recipient shall be entitled to use the fellowship in a graduate program at any accredited institution of higher education in which the recipient may decide to enroll.

SEC. [933.] *513* [20 U.S.C. 1134j] STIPENDS.

(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year [1993–1994] *1990–2000* or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need [according to measurements of need approved by the Secretary] *determined in accordance with part F of title IV.*

(b) INSTITUTIONAL PAYMENTS.—

(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be—

(i) [$6,000] *$10,000* annually with respect to individuals who first received fellowships under this part prior to academic year [1993–1994] *1999–2000*; and

(ii) with respect to individuals who first receive fellowships during or after academic year [1993–1994] *1999–2000*—

(I) [$9,000 for the academic year 1993–1994] *$10,000 for the academic year 1999–2000*; and

(II) for succeeding academic years, [$9,000] *$10,000* adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(B) The institutional allowance paid under subparagraph (A) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

(2) SPECIAL RULES.)—(A) Beginning March 1, 1992, any applicant for a fellowship under this part who has been notified in writing by the Secretary that such applicant has been selected to receive such a fellowship and is subsequently notified that the fellowship award has been withdrawn, shall receive such fellowship unless the Secretary subsequently makes a determination that such applicant submitted fraudulent information on the application.

(B) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

SEC. [934] *514.* [20 U.S.C. 1134k] FELLOWSHIP CONDITIONS.

(a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section [933] *513* only during such periods as the Secretary finds that such individual is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and filed at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

SEC. [935] *515.* [20 U.S.C. 1134k–1] AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $30,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART D] *PART B*—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

SEC. [941] *521.* [20 U.S.C. 1134] PURPOSE.

In order to sustain an enhance the capacity for teaching and research in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

SEC. [942] *522.* [20 U.S.C. 1134m] GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

(a) GRANT AUTHORITY.—

(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part.

(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organizations which—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

(C) is not a private foundation;

(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

(E) has necessary research resources not otherwise readily available in such institutions to such students.

(b) AWARD AND DURATION OF GRANTS.—

(1) AWARDS.—the principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

(2) DURATION.—The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $100,000 or greater than $750,000 per fiscal year.

(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

(c) PREFERENCE TO CONTINUING GRANT RECIPIENTS.—

(1) IN GENERAL.—The Secretary shall make new grant awards under this part only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2).

(2) RATABLE REDUCTION.—To the extent that appropriations under this part are insufficient to comply with paragraph (1), available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2).

SEC. [943] *523.* [20 U.S.C. 1134n] INSTITUTIONAL ELIGIBILITY.

(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need, such as mathematics, biology, physics, chemistry, engineering, geosciences, computer science, or foreign languages and area studies. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support postbaccalaureate study in the area concerned.]

(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into consideration—

(1) the extent to which the national interest in the area is compelling;

(2) the extent to which other Federal programs support postbaccalaureate study in the area concerned; and

(3) an assessment of how the program may achieve the most significant impact with available resources.

SEC. [944] *524.* [20 U.S.C. 1134o] CRITERIA FOR APPLICATIONS.

(a) SELECTION OF APPLICATIONS.—the Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program

quality by geographically balanced review panels of national recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant shall—

(1) describe the current academic program of the applicant for which the grant is sought;

(2) provide assurances that the applicant will provide, from other non-Federal [funds] *sources,* for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part, *which contribution may be in cash or in kind, fairly valued;*

(3) set forth policies and procedures to assure that, in making fellowship awards under this part the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

(4) describe the number, types, and amounts of the fellowships that the applicant intends to offer with grant funds provided under this part;

[(4)] *(5)* set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

(A) have financial need, as determined under [criteria developed by the institution] *part F of title IV;*

(B) have excellent academic records in their previous programs of study;

(C) plan teaching or research careers; and

(D) plan to pursue the highest possible degree available in their course of study;

[(5)] *(6)* set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

[(6)] *(7)* provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student;

(7) provide that the applicant will comply with the limitations set forth in section [945] *525.*

(8) provide assurances [that the academic department will provide at least 1 year of supervised training in instruction for students; and

(9) include such other information as the Secretary may prescribe.

SEC. [945.] *525.* [20 U.S.C. 1134p] AWARDS TO GRADUATE STUDENTS.

(a) COMMITMENTS TO GRADUATE STUDENTS.—

(1) IN GENERAL.—An academic department or program of an institution of higher education shall make commitments to

graduate students (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

(2) SPECIAL RULE.—No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year [1993–1994] *1999–2000* or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need [according to measurements of need approved by the Secretary] *determined in accordance with part F of title IV*.

(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section [946(a)] *526(a)* may count [such payments] *such excess* toward the amounts the institution is required to provide pursuant to section [944(b)(2)] *526(a) 524(b)(2)*.

(d) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

SEC. [946.] *526.* [20 U.S.C. 1134q] ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

(a) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

(A) [$6,000 annually] *$10,000 for each academic year,* with respect to individuals who first received fellowships under this part prior to academic year [1993–1994] *1999–2000*.

(B) with respect to individuals who first receive fellowships during or after academic year [1993–1994] *1999–2000*; and

(i) [$9,000 for the academic year 1993–1994] *$10,000 for the academic year 1999–2000*; and

(ii) for succeeding academic years, [$9,000] *$10,000* adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

SEC. [947.] *527.* [20 U.S.C. 2234q–1] AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated [$40,000,000 for fiscal year 1993] *$30,000,000 for fiscal year 1999* and such sums as necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART A] *PART C*—URBAN COMMUNITY SERVICE

SEC. [1101.] *531.* [20 U.S.C. 1136] FINDINGS.

(1) The Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community infrastructure and service, social policy, public health, housing, crime, education, environmental concerns, planning and work force preparation;

(2) there are, in the Nation's urban institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

(3) the skills, knowledge and experience in these urban institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

(4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

SEC. [1102.] *532.* [20 U.S.C. 1136a] PURPOSE; PROGRAM AUTHORIZED.

(a) PURPOSE.—It is the purpose of this part to provide incentives to urban academic institutions to enable such institutions to work with private and civic organizations to devise and implement solutions to pressing and severe problems in their communities.

(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section [1104] *534* in accordance with the provisions of this part.

[1103.] *533.* [20 U.S.C. 1136b] APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

(a) APPLICATION.—

(1) IN GENERAL.—An eligible institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities and services for which assistance is sought; and

(B) include a plan that is agreed to by the members of a consortium that includes, in addition to the eligible institution, one or more of the following entities;

(i) A community college.

(ii) An urban school system.

(iii) A local government.

(iv) A business or other employer.

(v) A nonprofit institution.

(3) WAIVER.—The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this part.

(b) PRIORITY IN SELECTION OF APPLICATIONS.—The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs. *In addition, the Secretary shall give priority to eligible institutions submitting applications that demonstrate the eligible institution's commitment to urban community service.*

(c) SELECTION PROCEDURES.—The Secretary shall, by regulation, develop a formal procedure for the submission of applications under this part and shall publish in the Federal Register an announcement of that procedure and the availability of funds under this part.

SEC. [1104] *534*. [20 U.S.C. 1136c] ALLOWABLE ACTIVITIES.

Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

(1) Work force preparation.

(2) Urban poverty and the alleviation of such poverty.

(3) Health care, including delivery and access.

(4) Underperforming school systems and students.

(5) Problems faced by the elderly and individuals with disabilities in urban settings.

(6) Problems faced by families and children.

(7) Campus and community crime prevention, including enhanced security and safety awareness measures as well as coordinated programs addressing the root causes of crime.

(8) Urban housing.

(9) Urban infrastructure.

(10) Economic development.

(11) Urban environmental concerns.

(12) Other problem areas which participants in the consortium described in section [1103(a)(2)(B)] *533(a)(2)(B)* concur are of high priority in the urban area.

(13)(A) Problems faced by individuals with disabilities regarding accessibility to institutions of higher education and other public and private community facilities.

(B) Amelioration of existing attitudinal barriers that prevent full inclusion by individuals with disabilities with their community.

SEC. [1105] *535.* [20 U.S.C. 1136d] PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service or in education.

SEC. [1106] *536.* [20 U.S.C. 1136e] DISBURSEMENT OF FUNDS.

(a) MULTIYEAR AVAILABILITY.—Subject to the availability of appropriations, grants under this part may be made on a multiyear basis, except that no institution, individually or as a participant in a consortium of such institutions, may receive such a grant for more than 5 years.

(b) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves equitable geographic distribution of such grants.

(c) MATCHING REQUIREMENT.—An applicant under this part and the local governments associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in kind.

SEC. [1107] *537.* [20 U.S.C. 1136f] DESIGNATION OF URBAN GRANT INSTITUTIONS.

The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as "Urban Grant Institutions". The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the Nation.

SEC. [1109] *538.* [20 U.S.C. 1136g] DEFINITIONS.

As used in this part:

(1) URBAN AREA.—The term "urban area" means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section [1103] *533*, or, if no such entity has an agreement,

the Secretary shall designate one urban area for the purposes of this part.

(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

(A) a nonprofit municipal university, established by the governing body of the city in which it is located, and operating as of the date of enactment of the Higher Education Amendments of 1992 under that authority; or

(B) an institution of higher education, or a consortium of such institutions any one of which meets all of the requirements of this paragraph, which—

(i) is located in an urban area;

(ii) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

(iii) carries out programs to make postsecondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

(iv) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

(v) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

(vi) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

SEC. [1109] *539.* [20 U.S.C. 1136h] AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $20,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.

[PART A] *PART D*—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

Subpart 1—Program Authority

SEC. [1001]*541.* [20 U.S.C. 1135] FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education [or combinations of such institutions]*, combinations of such institutions,* and other public and private nonprofit institutions and agencies, to enable such[institutions and combinations of such institutions] *institutions, combinations, and agencies* to improve postsecondary education opportunities by—

(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

(2) the creation of institutions [and programs involving new]*, programs and joint efforts involving* paths to career and

professional training, and [new combinations] *combinations* of academic and experiential learning;

(3) the establishment of institutions and programs based on the technology of communications;

(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

(5) the design and introduction of cost-effective methods of instruction and operation'

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

(b) PLANNING GRANTS.—The Secretary is authorized to make planning grants to institutions of higher education for the development and testing of innovative techniques in postsecondary education. Such grants shall not exceed $20,000.

SEC. [1002]*542*. [20 U.S.C. 1135a–1] NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) ESTABLISHMENT.—There is established a National Board of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the "Board"). The Board shall consist of 15 members appointed by the Secretary for overlapping 3-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for 6 consecutive years shall thereafter be ineligible for appointment to the Board during a 2-year period following the expiration of such sixth year.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Secretary shall designate one of the members of the Board as Chairperson of the Board. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

(2) APPOINTMENT OF DIRECTOR.—The Secretary shall appoint the Director of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the "Director").

(c) DUTIES.—The Board shall—

(1) advise the Secretary and the Director on priorities for the improvement of postsecondary education and make such recommendations as the Board may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

(2) advise the Secretary and the Director of the operation of the Fund for the Improvement of Postsecondary Education, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

(3) meet at the call of the Chairperson, except that the Board shall meet whenever one-third or more of the members request in writing that a meeting be held.

(d) INFORMATION AND ASSISTANCE.—The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

SEC. [1003]*543*. [20 U.S.C. 1135a–2] ADMINISTRATIVE PROVISIONS.

(a) TECHNICAL EMPLOYEES.—The Secretary may appoint, for terms not to exceed 3 years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than [5 technical] *7 technical* employees to administer this subpart who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(b) PROCEDURES.—The Director shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this subpart. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

SEC. [1004] *544*. [20 U.S.C. 1135a–3] AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to appropriated to carry out this subpart (except for section [1001(b)] *541(b)*) [$20,000,000 for fiscal year 1993] *$26,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) PLANNING GRANTS.—There are authorized to be appropriated to carry out section [1001(b)] *541(b)* $1,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

Subpart 2—Special Projects in Areas of National Need

SEC. [1011 *551*. [20 U.S.C. 1135a–11] SPECIAL PROJECTS.

(a) GRANT AUTHORITY.—The Director is authorized to make grants to institutions of higher education, or consortia thereof, and such other public agencies and nonprofit organizations as the Director deems necessary for innovative projects concerning one or more areas of particular national need identified by the Director.

(b) APPLICATION.—No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Secretary may require.

(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially include, but shall not be limited to, the following:

(1) International exchanges.

(2) [Campus climate and culture] *Institutional restructuring to improve learning and promote cost effectiveness.*

(3) Evaluation and dissemination *of model programs.*

(4) Articulation between 2-year and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions of higher education.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

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PART F—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES

SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES.

(a) PURPOSE.—It is the purpose of this part—

(1) to support the development of model programs to provide technical assistance or training, and professional development, for faculty and administrators in institutions of higher education, as defined in section 481(a), to provide the faculty and administrators with the skills and assistance to teach effectively students with disabilities; and

(2) to ensure effective evaluation and dissemination of such model programs.

(b) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized to award grants to institutions of higher education to carry out the purposes of this part.

(2) MODEL PROGRAMS.—To the extent feasible, the model programs developed under this part shall be developed for a range of types and sizes of institutions of higher education.

(3) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this part, the Secretary shall consider—

(A) providing an equitable geographic distribution of such grants; and

(B) distributing such grants to urban and rural areas.

(4) APPROACHES.—The Secretary shall award grants under this part for a range of approaches to providing support to faculty and administrators, such as in-service training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning and the use of educational technology.

(c) DISSEMINATION OF GRANTS.—The Secretary may award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities under this part in order to disseminate those programs.

(d) APPLICATIONS.—Each institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such informa-

tion as the Secretary may require. Each such application shall include—

(1) a plan to assess the needs of the institution of higher education in order to meet the purposes of this part, in consultation with a broad range of persons within that institution; and

(2) a plan for coordinating with or collaborating with the office within the institution that provides services to students with disabilities, and the equal opportunity office within the institution, if the offices exist.

(e) USE OF FUNDS.—Any institution of higher education receiving a grant under this part—

(1) shall use the grant funds to—

(A) meet the purposes of this section; and

(B) ensure that projects assisted under this part include components for model development, demonstration, evaluation, and dissemination to other institutions of higher education; and

(2) may include, to the extent practicable, graduate teaching assistants in the services provided under the grant.

(f) GRANT AWARDS.—The Secretary shall award grants under this part for a period of 3 years.

(g) CONSTRUCTION.—Nothing in this section shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on the institution's administrators, faculty, or staff, in addition to the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART G—HISPANIC-SERVING INSTITUTIONS

SEC. 581. PURPOSE.

The purpose of this part is to—

(1) expand educational opportunities for, and improve the academic attainment of, Hispanic students; and

(2) expand and enhance the academic offerings, program, quality, and institutional stability of colleges and universities that are educating the majority of Hispanic college students and helping large numbers of Hispanic students and other low-income individuals complete postsecondary degrees.

SEC. 582. PROGRAM AUTHORIZED.

(a) IN GENERAL.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic students and other low-income individuals.

(b) AUTHORIZED ACTIVITIES.—

(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs to improve and expand such

institutions' capacity to serve Hispanic students and other low-income students.

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The programs described in paragraph (1) may include—

(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(B) renovation and improvement in class-room, library, laboratory, and other instructional facilities;

(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

(D) curriculum development and academic instruction;

(E) purchase of library books, periodicals, microfilm, and other educational materials;

(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

(G) joint use of facilities such as laboratories and libraries;

(H) academic tutoring and counseling programs and student support services; and

(I) expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

(3) ENDOWMENT FUND.—

(A) IN GENERAL.—A Hispanic-serving institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Hispanic-serving institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

(C) COMPARABILITY.—The provisions of part C of title III regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

(c) WAIT-OUT-PERIOD.—Each Hispanic-serving institution that receives a grant under this part shall not be eligible to receive an additional grant under this part until 2 years after the date on which the preceding grant period terminates.

SEC. 583. APPLICATION PROCESS.

(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that the institution is a Hispanic-serving institution as defined in section 585, along with such other data and information as the Secretary may by regulation require.

(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the data and information submitted under subsection (a)) may submit an application for assistance under this part to the Secretary. Such application shall include—

(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic students and other low-income individuals; and

(2) such other information and assurance as the Secretary may require.

(c) PRIORITY.—With respect to applications for assistance under this section, the Secretary shall give priority to an application that contains satisfactory evidence that the Hispanic-serving institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization to provide such agency or organization with assistance (from funds other than funds provided under this part) in reducing drop-out rates for Hispanic students, improving rates of academic achievement for Hispanic students, and increasing the rates at which Hispanic secondary school graduates enroll in higher education.

SEC. 584. SPECIAL RULE.

No Hispanic-serving institution that is eligible for and receives funds under this part may receive funds under part A or B of title III during the period for which funds under this part are awarded.

SEC. 585. DEFINITIONS.

For purposes of this part:

(1) HISPANIC-SERVING INSTITUTION.—The term "Hispanic-serving institution" means an institution of higher education which—

SEC. 586. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Subpart 3—Small State Teaching Initiative

SEC. 591. MODEL PROGRAMS AND EDUCATIONAL EXCELLENCE.

(a) PURPOSE.—* * *

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(d) DEFINITIONS.—

(1) SMALL STATE.—For the purposes of this section the term "small State" means a State the total population of which is less than 1,108,500 as reported in the 1990 Census of Population and Housing.

(2) ELIGIBLE INSTITUTION.—For the purposes of this section, the term "eligible institution" means any institution of higher education (as such term is defined in section **[**1201(a)**]** *101(a)* that is located in a small State and that provides a course of

study which prepares an individual to become a classroom teacher.

* * * * * * *

(A) is an eligible institution under section 312(b);

(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

(2) LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

PART H—GENERAL PROVISIONS

SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A AND B.

(a) COORDINATED ADMINISTRATION.—In carrying out the purpose described in section 500(1), the Secretary shall provide for coordinated administration and regulation of graduate programs assisted under parts A and B with other Federal programs providing assistance for graduate education in order to minimize duplication and improve efficiency to ensure that the programs are carried out in a manner most compatible with academic practices and with the standard timetables for applications for, and notifications of acceptance to, graduate programs.

(b) HIRING AUTHORITY.—For purposes of carrying out parts A and B, the Secretary shall appoint, without regard to the provisions of title 5, United States Code, that govern appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such parts. The employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(c) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No institutional payment or allowance under section 513(b) or 526 shall be paid to a school or department of divinity as a result of the award of a fellowship under part A or B, respectively, to an individual who is studying for a religious vocation.

(d) EVALUATION.—The Secretary shall evaluate the success of assistance provided to individuals under part A or B with respect to graduating from their degree programs, and placement in faculty and professional positions.

(e) CONTINUATION AWARDS.—The Secretary, using funds appropriated to carry out parts A and B, and before awarding any assistance under such parts to a recipient that did not receive assistance under part C or D of title IX (as such parts were in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall continue to provide funding to recipients of assistance

under such part C or D (as so in effect), as the case may be, pursuant to any multiyear award of such assistance.

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[TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

[PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

[SEC. 601. [20 U.S.C. 1121] FINDINGS AND PURPOSES.

[(a) FINDINGS.—The Congress finds that—

[(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

[(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

[(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

[(b) PURPOSES.—It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, to develop a pool of international experts to meet national needs, and to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

[SEC. 602. [20 U.S.C. 1122] GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS.

[(a) NATIONAL LANGUAGE AND AREA CENTERS AUTHORIZED.—

[(1) GENERAL AUTHORITY.—The Secretary is authorized—

[(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

[(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs.

which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

[(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

[(A) faculty, staff, and student travel in foreign areas, regions, or countries;

[(B) teaching and research materials;

[(C) curriculum planning and development;

[(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

[(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program; and

[(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary, for carrying out the objectives of this section.

[(3) GRANTS TO MAINTAIN LIBRARY COLLECTIONS.—The Secretary may make grants to centers described in paragraph (1) having important library collections for the maintenance of such collections.

[(4) OUTREACH GRANTS AND SUMMER INSTITUTIONS.—The Secretary may make additional grants to centers described in paragraph (1) for any one or combination of the following purposes:

[(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

[(B) Programs of linkage or outreach with 2-and 4-year colleges and universities.

[(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

[(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

[(E) Summer institutes in foreign area and other international fields designed to carry out programs of linkage and outreach in subparagraphs (A), (B), (C), and (D) of this paragraph.

[(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

[(1) GRADUATE STIPENDS.—(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

[(B) Students receiving stipends described in subparagraph (A) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

[(C) Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

[(2) DOCTORAL STIPENDS.—(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to students beginning with their third year of graduate training in any center or program approved by the Secretary under this part.

[(B) Students receiving stipends described in subparagraph (A) shall be individuals engaged in completing advanced degree requirements in foreign language, foreign area studies, or other international fields.

[(C) Stipends shall be for the purpose of completing degree requirements, such as the predissertation level studies, preparation for dissertation research including the study of less commonly taught languages, dissertation research abroad, and dissertation writing.

[(D) Students may receive stipends described in subparagraph (A) for a maximum of 4 years if such students make satisfactory progress toward completion of a degree program.

[(3) FUNDING LIMITATIONS.—The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1992 under paragraph (1).

[(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

[SEC. 603. [20 U.S.C. 1123] LANGUAGE RESOURCE CENTERS.

[(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

[(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

[(2) the development of new teaching materials reflecting the use of such research in effective teaching strategies;

[(3) the development and application of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

[(4) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

[(5) the publication of instructional materials in the less commonly taught languages; and

[(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.

[(b) CONDITIONS FOR GRANTS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

[SEC. 604. [20 U.S.C. 1124] UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

[(a) INCENTIVES FOR THE CREATION OF UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—

[(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions to assist such institutions or combinations in planning, developing, and carrying out a program to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions of higher education or combinations of such institutions seeking to create new programs or curricula in area studies, foreign languages, and other international fields.

[(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

[(A) planning for the development and expansion of undergraduate programs in international studies;

[(B) teaching, research, curriculum development, and other related activities;

[(C) training of faculty members in foreign countries;

[(D) expansion of foreign language courses;

[(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

[(F) international educational programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

[(G) the development of an international dimension in preservice and inservice teacher training;

[(H) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to on-campus foreign language and international studies curricula; and

[(I) the integration of new study abroad opportunities for undergraduate students into curricula of specific degree programs.

[(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

[(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education or combinations of such institutions that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that

require each graduating student to earn 2 years of post-secondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a two-year degree granting institution, offer 2 years of post-secondary credit in a foreign language.

[(b) GRANTS TO STRENGTHEN PROGRAMS OF DEMONSTRATED EXCELLENCE IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—

[(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational organizations and institutions of higher education to enable such institutions of higher education, combinations of such institutions or partnerships to—

[(A) strengthen programs of demonstrated excellence in area studies, foreign languages, and other international fields in order to ensure the self-sustaining maintenance and growth of such programs; and

[(B) enhance the capacity-building and dissemination functions of such programs.

[(2) FEDERAL SHARE AND USE OF GRANT FUNDS.—Grants awarded under this subsection may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of the programs described in paragraph (1), such as—

[(A) teaching, research, curriculum development, and other related activities;

[(B) strengthening undergraduate majors and minors directly related to the generation of international expertise;

[(C) developing new foreign language courses, especially in languages previously not taught at such institution or combination of such institutions, and improving the quality of existing foreign language programs;

[(D) expanding library and teaching resources;

[(E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

[(F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international institutions;

[(G) disseminating curricular materials and program designs to other educational institutions;

[(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs;

[(I) training faculty and staff in area studies, foreign languages, and other international fields;

[(J) conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

[(K) developing study and internship abroad programs—

[(i) in locations in which such opportunities are not otherwise available; or

[(ii) which serve students for whom such opportunities are not otherwise available; and

[(L) developing model programs to enrich or enhance the effectiveness of study abroad programs, including predeparture and post return orientation programs, integration of study abroad into the curriculum of the home institution, credit transfer, improved faculty involvement, cross-disciplinary programs, student selection and advising services, and academic advising.

[(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

[(4) EVALUATION CRITERIA AND REPORT.—As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

[SEC. 605. [20 U.S.C. 1124a] INTENSIVE SUMMER LANGUAGE INSTITUTES.

[(a) INTENSIVE SUMMER LANGUAGE INSTITUTES AUTHORIZED.—

[(1) GRANTS AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

[(2) ELIGIBLE GRANT RECIPIENTS.—Training authorized by this section shall be provided through—

[(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

[(B) institutes designed to provide professional development and improve language instruction through preservice and inservice training for language teachers; or

[(C) institutes that combine the purposes of subparagraphs (A) and (B).

[(3) AUTHORIZED ACTIVITIES.—Grants made under this section may be used for—

[(A) intensive training in critical languages;

[(B) training in neglected languages; and

[(C) stipends for students and faculty attending the institutes authorized by this section.

[(4) INSTRUCTIONAL PROGRAM.—Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

[(b) PEER REVIEW.—Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.

SEC. 606. [20 U.S.C. 1125] RESEARCH; STUDIES; ANNUAL REPORT.

[(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

[(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

[(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

[(3) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

[(4) research on more effective methods of providing instruction and achieving competency in foreign languages;

[(5) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists; and

[(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

[(b) ANNUAL REPORT.—The secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

[SEC. 607. [20 U.S.C. 1125a] PERIODICALS AND OTHER RESEARCH MATERIALS PUBLISHED OUTSIDE THE UNITED STATES.

[(a) PROGRAM AUTHORIZED; AUTHORIZATION OF APPROPRIATIONS.—

[(1) PROGRAM AUTHORIZED.—From the amount appropriated under paragraph (2), the Secretary is authorized to award grants to institutions of higher education, public for or nonprofit private library institutions, or consortia of such institutions for the acquisition of, and provision of access to, periodicals and other research materials published outside the United States.

[(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to the amount authorized to be appropriated by section 610A, there are authorized to be appropriated $5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

[(b) AUTHORIZED ACTIVITIES.—Grants under this section shall be used for the following purposes:

[(1) To acquire periodicals and other research materials published outside the United States which are not commonly held

by American academic libraries and which are of scholarly or research importance.

[(2) To maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases.

[(3) To preserve such periodicals and other research materials.

[(4) To make such periodicals and other research materials widely available to researchers and scholars.

[(c) APPLICATION AND PREFERENCE.—

[(1) APPLICATION.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

[(2) PREFERENCE.—The Secretary shall give preference to grant applications according to the following criteria:

[(A) The total number of library research materials in an institution's or consortium's collection.

[(B) The comprehensiveness, both current and retrospective, of the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(C) Public accessibility to the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(D) The institution's or consortium's technological capability to share its collection of periodicals and other research materials published outside the United States with other institutions of higher education, with public or nonprofit institutions, and with individual scholars.

[(E) The institution's or consortium's budget and staff capability to build, maintain, and service periodicals and other research materials published outside the United States.

[(3) SUFFICIENT SIZE.—The Secretary shall award grants under this section of sufficient size to enable an institution or consortium to—

[(A) substantially improve its collection of foreign periodicals and other research materials published outside the United States; and

[(B) contribute to a comprehensive national base of foreign language materials for students and scholars.

[(d) WRITTEN AGREEMENT.—

[(1) Agreement required.—Prior to the awarding of grants authorized under subsection (c), each recipient institution or consortium shall file a formal written agreement with the Secretary which outlines their collecting responsibilities regarding periodicals and other research materials published outside the United States and ensures public access.

[(2) FUNDING LIMITATION.—No funds from grants authorized under subsection (c) may be used by a recipient institution or consortium to acquire and process periodicals and other re-

search materials published outside the United States other than that specified in the agreement filed with the Secretary under paragraph (1).

[(e) COPYRIGHT.—Nothing in this section shall be considered to amend, effect, or define the provisions of title 17, United States Code, relating to copyright.

[SEC. 608. [20 U.S.C. 1125b] SELECTION OF CERTAIN GRANT RECIPIENTS.

[(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

[(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

[(c) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of funds throughout the United States, based on the merit of a proposal with peer review by broadly representative professionals.

[SEC. 609. [20 U.S.C. 1126] EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

[(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

[(b) EQUITABLE DISTRIBUTION.—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the Nation.

[(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

[SEC 610. [20 U.S.C. 1127] AMERICAN OVERSEAS RESEARCH CENTERS.

[(a) CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereinafter in this section referred to as a "center") to enable such center to promote postgraduate research, exchanges and area studies.

[(b) USE OF GRANTS.—Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including the cost of faculty and staff stipends and salaries, faculty, staff and student travel, the operation and maintenance of overseas facilities, the cost of teaching and research materials, the cost of acquisition, maintenance and preservation of library collections, the cost of bringing visiting scholars and faculty to a center to teach or to conduct research, the cost of organizing and managing conferences

and the cost of publication and dissemination of material for the scholarly and general public.

[(c) LIMITATION.—The Secretary shall only award grants to and enter into contracts with centers under this section that—

[(1) receive more than 50 percent of their funding from public or private United States sources;

[(2) have a permanent presence in the country in which the center is located; and

[(3) are organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 which are exempt from taxation under section 501(a) of such Code.

[SEC. 610A. [20 U.S.C. 1128] AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

"PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

SEC. 601. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

(3) systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States for—

(A) producing graduates with international and foreign language expertise and knowledge; and

(B) research regarding such expertise and knowledge.

(b) PURPOSES.—It is the purpose of this part—

(1) to assist in the development of knowledge, international study, resources, and trained personnel;

(2) to stimulate the attainment of foreign language acquisition and fluency;

(3) to develop a pool of international experts to meet national needs; and

(4) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.

(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

(1) CENTERS AND PROGRAMS.—

(A) IN GENERAL.—The Secretary is authorized—

(i) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing,

strengthening, and operating comprehensive language and area centers and programs; and

(ii) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs.

(B) NATIONAL RESOURCES.—The centers and programs referred to in paragraph (1) shall be national resources for—

(i) teaching of any modern foreign language;

(ii) instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used;

(iii) research and training in international studies, and the international and foreign language aspects of professional and other fields of study; and

(iv) instruction and research on issues in world affairs which concern one or more countries.

(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

(A) faculty, staff, and student travel in foreign areas, regions, or countries;

(B) teaching and research materials;

(C) curriculum planning and development;

(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the teaching and research of the center or program; and

(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out this section.

(3) GRANTS TO MAINTAIN LIBRARY COLLECTIONS.—The Secretary may make grants to centers described in paragraph (1) having important library collections, as determined by the Secretary, for the maintenance of such collections.

(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

(B) Programs of linkage or outreach with 2-year and 4-year colleges and universities.

(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

(E) Summer institutes in foreign area, foreign language, and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D).

(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary.

(2) REQUIREMENTS.—Students receiving stipends described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

(3) ALLOWANCES.—Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

SEC. 603. LANGUAGE RESOURCE CENTERS.

(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively.

(b) AUTHORIZED ACTIVITIES.—The activities carried out by the centers described in subsection (a)—

(1) shall include effective dissemination efforts, whenever appropriate; and

(2) may include—

(A) the conduct and dissemination of research on new and improved teaching methods, including the use of advanced educational technology;

(B) the development and dissemination of new teaching materials reflecting the use of such research in effective teaching strategies;

(C) the development, application, and dissemination of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

(D) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

(E) the publication and dissemination to individuals and organizations in the foreign language field of instructional materials in the less commonly taught languages;

(F) the development and dissemination of materials designed to serve as a resource for foreign language teachers at the elementary and secondary school levels; and

(G) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.

(c) CONDITIONS FOR GRANTS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGES.—

(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational institutions and institutions of higher education, to assist such institutions, combinations or partnerships in planning, developing, and carrying out programs to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions, combinations or partnerships seeking to create new programs or to strengthen existing programs in area studies, foreign languages, and other international fields.

(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

(A) planning for the development and expansion of undergraduate programs in international studies and foreign languages;

(B) teaching, research, curriculum development, faculty training in the United States or abroad, and other related activities, including the expansion of library and teaching resources;

(C) expansion of opportunities for learning foreign languages, including less commonly taught languages;

(D) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

(E) programs designed to develop or enhance linkages between 2-year and 4-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

(F) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available and the integration of these programs into specific on-campus degree programs;

(G) the development of model programs to enhance the effectiveness of study abroad, including predeparture and post return programs;

(H) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

(I) the conduct of summer institutes in foreign area, foreign language, and other international fields for purposes that are consistent with the projects and activities described in this subsection; and

(J) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge.

(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State, private sector, corporation, or foundation contributions.

(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education, combinations or partnerships that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a 2-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

(5) GRANT CONDITIONS.—Grants under this subsection shall be made on such conditions as the Secretary determines to be necessary to carry out this subsection.

(6) APPLICATION.—Each application for assistance under this subsection shall include—

(A) evidence that the applicant has conducted extensive planning prior to submitting the application;

(B) an assurance that the faculty and administrators of all relevant departments and programs served by the applicant are involved in ongoing collaboration with regard to achieving the stated objectives of the application;

(C) an assurance that students at the applicant institutions, as appropriate, will have equal access to, and derive benefits from, the program assisted under this subsection; and

(D) an assurance that each institution, combination or partnership will use the Federal assistance provided under this subsection to supplement and not supplant funds expended by the institution, prior to the receipt of the Federal assistance, for programs to improve undergraduate instruction in international studies and foreign languages.

(7) EVALUATION.—The Secretary may establish requirements for program evaluations and require grant recipients to submit annual reports that evaluate the progress and performance of students participating in programs assisted under this subsection.

(b) PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an espe-

cially significant contribution to improving undergraduate international studies and foreign language programs.

SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.

(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part. Such research and studies may include—

(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

(3) evaluation of the extent to which programs assisted under this title that address national needs would not otherwise be offered;

(4) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

(5) research on more effective methods of providing instruction and achieving competency in foreign languages;

(6) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists;

(7) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies, and testing techniques throughout the education community, including elementary and secondary schools; and

(8) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

(b) ANNUAL REPORT.—The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.

(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

(c) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of the grant funds throughout the United States, based on the merit

of a proposal as determined pursuant to a peer review process involving broadly representative professionals.

SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

(b) EQUITABLE DISTRIBUTION.—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the United States.

(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.

(a) CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereafter in this section referred to as a "center") to enable such center to promote postgraduate research, exchanges and area studies.

(b) USE OF GRANTS.—Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including—

(1) the cost of faculty and staff stipends and salaries;

(2) the cost of faculty, staff, and student travel;

(3) the cost of the operation and maintenance of overseas facilities;

(4) the cost of teaching and research materials;

(5) the cost of acquisition, maintenance, and preservation of library collections;

(6) the cost of bringing visiting scholars and faculty to a center to teach or to conduct research;

(7) the cost of organizing and managing conferences; and

(8) the cost of publication and dissemination of material for the scholarly and general public.

(c) LIMITATION.—The Secretary shall only award grants to and enter into contracts with centers under this section that—

(1) receive more than 50 percent of their funding from public or private United States sources;

(2) have a permanent presence in the country in which the center is located; and

(3) are organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 which are exempt from taxation under section 501(a) of such Code.

(d) DEVELOPMENT GRANTS.—The Secretary is authorized to make grants for the establishment of new centers. The grants may be used to fund activities that, within 1 year, will result in the creation of a center described in subsection (c).

SEC. 609. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

SEC. 612. [20 U.S.C. 1130–1] CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.

(a) PROGRAM AUTHORIZED.—

* * * * * * *

(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and [advanced] degree candidates;

(C) [evening or summer] programs, such as intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

* * * * * * *

(C) summer institutes in international business, foreign area studies, *foreign language,* and other international studies designed to carry out the purposes of subparagraph (A) of this paragraph;

* * * * * * *

(d) * * *

* * * * * * *

(G) such other individuals as the institution of higher education deems appropriate *such as a representative of a community college in the region served by the center*.

* * * * * * *

SEC. 614. [20 U.S.C. 1130b] AUTHORIZATION OF APPROPRIATIONS.

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—There are authorized to be appropriated $11,000,000 for the fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of section 612.

(b) EDUCATION AND TRAINING PROGRAMS.—There are authorized to be appropriated $7,000,000 for fiscal year [1993] *1999*, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 613.

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SEC. 621. [20 U.S.C. 1131] MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT.—* * *

* * * * * * *

(e) MATCH REQUIRED.—The eligible recipient of a grant under this section shall contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least [one-fourth] *one-half* the amount of the grant, which con-

tribution may be in cash or in kind. *The non-Federal contribution shall be made from private sector sources.*

SEC. 622. INSTITUTIONAL DEVELOPMENT.

(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, Tribally Controlled Colleges or Universities, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

(b) APPLICATION.—No grant may be made by the Institute unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

(c) DEFINITIONS.—In this section—

(1) the term "historically Black college and university" has the meaning given the term in section 322;

(2) the term "Hispanic-serving institution" has the meaning given the term in section 316(b);

(3) the term "Tribally Controlled College or University" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and

(4) the term "minority institution" has the meaning given the term in section 1046.

SEC. 622 *523*. [20 U.S.C. 1131a] [JUNIOR YEAR] *STUDY* ABROAD PROGRAM.

[(a)] PROGRAM AUTHORITY.—* * *

* * * * * * *

(2) entering the third year of study, or completing the third year of study in the case of a summer abroad program, at an institution of higher education which nominates such student for participation in the [junior year] *study* abroad program.

(c) SPECIAL RULE.—An institution of higher education desiring to send a student on the [junior year] *study* abroad program shall enter into a Memorandum of Understanding with the Institute under which such institution of higher education agrees to—

(1) provide the requisite academic preparation for students participating in the [junior year] *study* abroad or internship programs;

(2) pay [one-half] *one-third* the cost of each student it nominates for participation in the [junior year] *study* abroad program; and

* * * * * * *

SEC. [623] *624*. [20 U.S.C. 1131b] MASTERS DEGREE IN INTERNATIONAL RELATIONS.

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SEC. [624] *625*. [20 U.S.C. 1131c] INTERNSHIPS.

* * * * * * *

SEC. [625] *626*. [20 U.S.C. 1131d] REPORT.

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SEC. [626] *627*. [20 U.S.C. 1131e] GIFTS AND DONATIONS.

The Institute is authorized to receive money and other property donated, bequeathed, or devised to the Institute with or without a condition of restriction, for the purpose of providing financial support for the fellowships or underwriting the cost of the Junior Year Abroad Program. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the annual report described in section [625] *626*.

SEC. [627] *628*. [20 U.S.C. 1131f] AUTHORIZATION.

There is authorized to be appropriated $10,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

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PART D—GENERAL PROVISIONS

SEC. 631. DEFINITIONS.

(a) DEFINITIONS.—As used in this title—

(1) * * *

* * * * * * *

(8) the term "institution of higher education" means, in addition to institutions which meet the definition of [section 1201(a)] *section 101(a)* of this Act, institutions which meet the requirements of [section 1201(a)] of this Act except that (1) they are not located in the United States, and (2) they apply for assistance under this title in consortia with institutions which meet the definition [of 1201(a)] *of section 101(a)* of this Act.

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[TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES]

SEC. 701. [20 U.S.C. 1132a] PURPOSES.

(a) IN GENERAL.— * * *

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[PART A—IMPROVEMENT OF ACADEMIC AND LIBRARY FACILITIES]

. SEC. 711. [20 U.S.C. 1132b] SHORT TITLE.

* * * * * * *

[PART C—LOANS FOR CONSTRUCTION RECONSTRUCTION AND RENOVATION OF ACADEMIC, HOUSING, AND OTHER EDUCATIONAL FACILITIES]

SEC. 731. [20 U.S.C. 1132d] FEDERAL ASSISTANCE IN THE FORM OF LOANS.

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[PART D—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION]

SEC. 751. [20 U.S.C. 1132f] CONGRESSIONAL DECLARATION OF PURPOSE; DEFINITION; INCORPORATION.

(a) PURPOSE.— * * *

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[PART E—GENERAL]

SEC. 781. [20 U.S.C. 1132i] RECOVERY OF PAYMENTS.

(a) PUBLIC BENEFIT.— * * *

* * * * * * *

[TITLE VIII—COOPERATIVE EDUCATION]

SEC. 801. [20 U.S.C. 1133] STATEMENT OF PURPOSE; DEFINITION.

(a) PURPOSE.— * * *

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[TITLE IX—GRADUATE PROGRAMS]

SEC. 901. [20 U.S.C. 1134] PURPOSE AND ADMINISTRATIVE PROVISIONS.

* * * * * * *

[PART A—GRANTS TO INSTITUTIONS AND CONSORTIA TO ENCOURAGE WOMEN AND MINORITY PARTICIPATION IN GRADUATE EDUCATION]

SEC. 911. [20 U.S.C. 1134a] GRANTS AUTHORIZED.

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[PART B—PATRICIA ROBERTS HARRIS FELLOWSHIP PROGRAM]

SEC. 921. [20 U.S.C. 1134d] STATEMENT OF PURPOSE; DESIGNATION.

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[PART E—FACULTY DEVELOPMENT FELLOWSHIP PROGRAM]

SEC. 951. [20 U.S.C. 1134r] FELLOWSHIPS AUTHORIZED.

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[PART F—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION]

SEC. 961. [20 U.S.C. 1134s] PROGRAM REQUIREMENTS.

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[PART G—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS]

SEC. 971. [20 U.S.C. 1134u] PROGRAM AUTHORIZED.

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[Subpart 2—Science and Engineering Access Programs]

SEC. 1031. [20 U.S.C. 1135c] MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS.

* * * * * * *

[PART C—WOMEN AND MINORITIES SCIENCE AND ENGINEERING OUTREACH DEMONSTRATION PROGRAM]

SEC. 1061. [20 U.S.C. 1135e] PURPOSE.

* * * * * * *

[PART D—DWIGHT D. EISENHOWER LEADERSHIP PROGRAM]

SEC. 1081. [20 U.S.C. 1135f] SHORT TITLE; ESTABLISHMENT OF THE PROGRAM.

* * * * * * *

[PART E—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS]

SEC. 1091. [20 U.S.C. 1135g] GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

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[PART B—INNOVATIVE PROJECTS

[Subpart 1—Innovative Projects for Community Service]

SEC. 1121. [20 U.S.C. 1137] STATEMENT OF PURPOSE.

* * * * * * *

PART D—DWIGHT D. EISENHOWER LEADERSHIP PROGRAM

SEC. 1081. SHORT TITLE; ESTABLISHMENT OF THE PROGRAM.

(a) SHORT TITLE.— * * *

* * * * * * *

(d) OPERATION OF THE PROGRAM.—The Secretary is authorized to make grants to or enter into cooperative agreements, contracts, or leases with institutions of higher education (as defined in section [1201] *101(a)* of this title), or with nonprofit private organizations in consortia with such institutions, to operate the program assisted under the part.

* * * * * * *

Harry S Truman Memorial Scholarship Act

* * * * * * *

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) * * *

* * * * * * *

(4) "institution of higher education" means any such institution as defined by section [1201(a)] *101(a)* of the Higher Education Act of 1965;

* * * * * * *

Carl D. Perkins Vocational Education Act

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PART E—TECH-PREP EDUCATION

* * * * * * *

SEC. 347. DEFINITIONS.

For purposes of this part:

(1) The term "articulation agreement" means a commitment to a program designed to provide students with a nonduplicative sequence of progressive achievement leading to competencies in a tech-prep education program.

(2) The term "community college"—

(A) has the meaning provided in section [1201(a)] *101(a)* of the Higher Education Act of 1965 for an institution which provides not less than a 2-year program which is acceptable for full credit toward a bachelor's degree; and

* * * * * * *

Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992

* * * * * * *

SEC. 4. DEFINITIONS.

For the purpose of this Act—

(1) * * *

* * * * * * *

(6) the term "institution of higher education" has the same meaning given to such term by section [1201(a)] *101(a)* of the Higher Education Act of 1965; and

* * * * * * *

Elementary and Secondary Education Act of 1965

* * * * * * *

TITLE VII—BILINGUAL EDUCATION, LANGUAGE ENHANCEMENT, AND LANGUAGE ACQUISITION PROGRAMS

* * * * * * *

PART E—GENERAL PROVISIONS

SEC. 7501. DEFINITIONS; REGULATIONS.

Except as otherwise provided, for purposes of this title—

(1) BILINGUAL EDUCATION PROGRAM.—* * *

* * * * * * *

(4) COMMUNITY COLLEGE.—The term "community college" means an institution of higher education as defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965 which provides not less than a two-year program which is acceptable for full credit toward a bachelor's degree, including institutions

receiving assistance under the Tribally Controlled Community College Assistance Act of 1978.

* * * * * * *

TITLE XIV—GENERAL PROVISIONS

PART A—DEFINITIONS

SEC. 14101. DEFINITIONS.

Except as otherwise provided, for the purposes of this Act, the following terms have the following meanings:

(1) AVERAGE DAILY ATTENDANCE.—* * *

* * * * * * *

(17) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given that term in section [1201(a)] *101(a)* of the Higher Education Act of 1965.

* * * * * * *

NATIONAL EDUCATION STATISTICS ACT OF 1994

TITLE IV—NATIONAL EDUCATION STATISTICS

SEC. 401. SHORT TITLE.

This title may be cited as the "National Education Statistics Act of 1994".

SEC. 402. FINDINGS; PURPOSE; DEFINITIONS.

(a) FINDINGS.—The Congress finds that—* * *

* * * * * * *

(c) DEFINITIONS.—For the purpose of this title and unless otherwise specified—

(1) the term "Assistant Secretary" means the Assistant Secretary for Educational Research and Improvement established under section 202(b)(1)(E) of the Department of Education Organization Act;

(2) the term "Department" means the Department of Education;

(3) the term "institution of higher education" has the same meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965;

* * * * * * *

Tribally Controlled Community College Assistance Act of 1978

* * * * * * *

DEFINITIONS

SEC. 2. [25 U.S.C. 1801] (a) For purposes of this Act, the term—

(1) * * *

* * * * * * *

(4) "tribally controlled [community college] *college or university*" means an institution of higher education which is formally controlled, or has been formally sanctioned, or chartered, by the governing body of an Indian tribe or tribes, except that no more than one such institution shall be recognized with respect to any such tribe;

* * * * * * *

(7) "Indian student count" means a number equal to the total number of Indian students enrolled in each tribally controlled [community college,] *colleges or university's* determined in a manner consistent with subsection (b) of this section on the basis of the quotient of the sum of the credit hours of all Indian students so enrolled, divided by twelve; and

* * * * * * *

(b) * * *

* * * * * * *

(4) Indian students earning credits in any continuing education program of a tribally controlled [community college] *college or university* shall be included in determining the sum of all credit hours.

(5) Credits earned in a continuing education program shall be converted to a credit-hour basis in accordance with the tribally controlled [community college's] *colleges or university's* system for providing credit for participation in such program.

* * * * * * *

TITLE I—TRIBALLY CONTROLLED [COMMUNITY COLLEGES] *COLLEGES OR UNIVERSITIES*

PURPOSE

SEC. 101. [25 U.S.C. 1802] It is the purpose of this title to provide grants for the operation and improvement of tribally controlled [community colleges] *colleges or universities* to insure continued and expanded educational opportunities for Indian students, and to allow for the improvement and expansion of the physical resources of such institutions.

GRANTS AUTHORIZED

SEC. 102. [25 U.S.C. 1803] (a) The Secretary shall, subject to appropriations, make grants pursuant to this title to tribally controlled [community colleges] *colleges or universities* to aid in the postsecondary education of Indian students.

(b) Grants made pursuant to this title shall go into the general operating funds of the institution to defray, at the determination of the tribally controlled [community college] *college or university*, expenditures for academic, education, and administrative purposes and for the operation and maintenance of the college. Funds provided pursuant to this title shall not be used in connection with religious worship or sectarian instruction.

ELIGIBLE GRANT RECIPIENTS

SEC. 103. [25 U.S.C. 1804] To be eligible for assistance under this title, a tribally controlled [community college] *college or university* must be one which—

* * * * * * *

PLANNING GRANTS

SEC. 104. [25 U.S.C. 1804a] (a) The Secretary shall establish a program in accordance with this section to make grants to tribes and tribal entities (1) to conduct planning activities for the purpose of developing proposals for the establishment of tribally controlled [community colleges] *colleges or universities*, or (2) to determine the need and potential for the establishment of [such colleges] *colleges or universities*.

* * * * * * *

TECHNICAL ASSISTANCE CONTRACTS

SEC. 105. [25 U.S.C. 1805] The Secretary shall provide, upon request from a tribally controlled [community college] *college or university* which is receiving funds under section 108, technical assistance either directly or through contract. In the awarding of contracts for technical assistance, preference shall be given to an organization designated by the tribally controlled [community college] *college or university* to be assisted. No authority to enter into contracts provided by this section shall be effective except to the extent authorized in advance by appropriations Acts.

ELIGIBILITY STUDIES

SEC. 106. [25 U.S.C. 1806] (a) * * *

* * * * * * *

(b) The Secretary, within thirty days after a request by any Indian tribe, shall initiate a eligibility study to determine whether there is justification to encourage and maintain a tribally controlled [community college] *college or university*, and, upon a positive determination, shall aid in the preparation of grant applications and related budgets which will insure successful operation of such an institution. Such a positive determination shall be effective for the fiscal year succeeding the fiscal year in which such determination is made.

* * * * * * *

GRANTS TO TRIBALLY CONTROLLED [COMMUNITY COLLEGE]
COLLEGES OR UNIVERSITIES

SEC. 107. [25 U.S.C. 1807] (a) Grants shall be made under this title only in response to applications by tribally controlled [community colleges] *colleges or universities*. Such applications shall be submitted at such time, in such manner, and will contain or be accompanied by such information as the Secretary may reasonably require pursuant to regulations. Such application shall include a description of recordkeeping procedures for the expenditure of

funds received under this Act which will allow the Secretary to audit and monitor programs conducted with such funds. The Secretary shall not consider any grant application unless a eligibility study has been conducted under section 106 and it has been found that the applying [community college] *college or university* will service a reasonable student population.

(b) The Secretary shall consult with the Secretary of Education to determine the reasonable number of students required to support a tribally controlled [community college] *college or university*. Consideration shall be given to such factors as tribal and cultural differences, isolation, the presence of alternate education sources, and proposed curriculum.

* * * * * * *

AMOUNT OF GRANTS

SEC. 108. [25 U.S.C. 1808] (a) Except as provided in section 111, the Secretary shall, subject to appropriations, grant for each academic year to each tribally controlled [community college] *college or university* having an application approved by him an amount equal to the product of—

* * * * * * *

(2) [$5,820] *$6,000*,

except that no grant shall exceed the total cost of the education program provided by [such college] *such college or university*.

* * * * * * *

(3)(A) Notwithstanding any provision of law other than subparagraph (B), any interest or investment income that accrues on any funds provided under this title after such funds are paid to the tribally controlled [community college] *college or university* and before such funds are expended for the purpose for which such funds were provided under this title shall be the property of the tribally controlled [community college] *college or university* and shall not be taken into account by any officer or employee of the Federal Government in determining whether to provide assistance, or the amount of assistance, to the tribally controlled [community college] *college or university* under any provision of Federal law.

(B) All interest or investment income described in subparagraph (A) shall be expended by the tribally controlled [community college] *college or university* by no later than the close of the fiscal year succeeding the fiscal year in which such interest or investment income accrues.

(4) Funds provided under this title may only be invested by the tribally controlled [community college] *college or university* in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States.

* * * * * * *

(2) The Secretary shall, in consultation with the National Center for Education Statistics, establish a data collection system for the purpose of obtaining accurate information with respect to the needs and costs of operation and maintenance of tribally controlled [community colleges] *college or universities*.

EFFECT ON OTHER PROGRAMS

SEC. 109. [25 U.S.C. 1809] (a) Except as specifically provided in this title, eligibility for assistance under this title shall not, by itself, preclude the eligibility of any tribally controlled college to receive Federal financial assistance under any program authorized under the Higher Education Act of 1965 or any other applicable program for the benefit of institutions of higher education, [community colleges] *colleges or universities* or postsecondary educational institutions.

(b)(1) The amount of any grant for which tribally controlled [community colleges] *colleges or universities* are eligible under section 108 shall not be altered because of funds allocated to any [such colleges] *such college or university* from funds appropriated under the Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13).

(2) No tribally controlled [community college] *college or university* shall be denied funds appropriated under such Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13).

(3) No tribally controlled [community college] *college or university* for which a tribe has designated a portion of the funds appropriated for the tribe from funds appropriated under the Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13) may be denied a contract for such portion under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) (except as provided in that Act), or denied appropriate contract support to administer such portion of the appropriated funds.

(d) Notwithstanding any other provision of law, funds provided under this title to the tribally controlled [community college] *college or university* may be treated as non-Federal law which requires that non-Federal or private funds of the college be used in a project or for a specific purpose.

APPROPRIATION AUTHORIZATION

SEC. 110. [25 U.S.C. 1810] (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, $3,200,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There is authorized to be appropriated for the purpose of carrying out section 107, [$30,000,000 for fiscal year 1993] *$40,000,000 for fiscal year* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(3) There is authorized to be appropriated for the purpose of carrying out sections 112(b) and 113, $10,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(4) Funds appropriated pursuant to the authorizations under this section for the fiscal year [1993] *1999* and for each of the succeeding 4 fiscal years shall be transferred by the Secretary of the Treasury through the most expeditious method available, with each of the Tribally Controlled [Community College] *College or University* being designated as its own certifying agency.

* * * * * * *

GRANT ADJUSTMENTS

SEC. 111. [25 U.S.C. 1811] (a)(1) * * *

* * * * * * *

(2) For purposes of paragraph (1) of this subsection, the term "per capita payment" for any fiscal year shall be determined by dividing the amount available for grants to tribally controlled [community colleges] *colleges or universities* under section 107 for such fiscal year by the sum of the Indian student counts of such colleges for such fiscal year. The Secretary shall, on the basis of the most satisfactory data available, compute the Indian student count for any fiscal year for which such count was not used for the purpose of making allocations under this title.

* * * * * * *

REPORT ON FACILITIES

SEC. 112 [25 U.S.C. 1812] (a) The Secretary shall provide for the conduct of a study of facilities available for use by tribally controlled [community colleges] *colleges or universities*. Such study shall consider the condition of currently existing Bureau of Indian Affairs facilities which are vacant or underutilized and shall consider available alternatives for renovation, alteration, repair, and reconstruction of such facilities (including renovation, alteration, repair, and reconstruction necessary to bring such facilities into compliance with local building codes). Such study shall also identify the need for new construction. A report on the results of such study shall be submitted to the Congress not later than eighteen months after the date of enactment of the Tribally Controlled Community College Assistance Amendments of 1986. Such report shall also include an identification of property—

* * * * * * *

(2) which is available for use by tribally controlled [community colleges] *colleges or universities* under section 202(a)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483(a)(2)) and under the Act of August 6, 1956 (70 Stat. 1057; 25 U.S.C. 443a).

* * * * * * *

(B) has demonstrated expertise in areas and issues dealing with tribally controlled [community colleges] *colleges or universities*.

* * * * * * *

CONSTRUCTION OF NEW FACILITIES

SEC. 113. [25 U.S.C. 1813] (a) * * *

* * * * * * *

(b) In order to be eligible for a grant under this section, a tribally controlled [community college] *college or university*—

* * * * * * *

(2) must be accredited by a nationally recognized accrediting agency listed by the Secretary of Education pursuant to the

last sentence of section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)), except that such requirement may be waived if the Secretary determines that there is a reasonable expectation that [such college] *such college or university* will be fully accredited within eighteen months. In any case where such a waiver is granted, grants under this section shall be available only for planning and development of proposals for construction.

(c)(1) Except as provided in paragraph (2), grants for construction under this section shall not exceed 80 per centum of the cost of such construction, except that no tribally controlled [community college] *college or university* shall be required to expend more than $400,000 in fulfillment of the remaining 20 per centum. For the purpose of providing its required portion of the cost of such construction, a tribally controlled [community college] *college or university* may use funds provided under the Act of November 2, 1921 (25 U.S.C. 13), popularly referred to as the Snyder Act.

(2) The Secretary may waive, in whole or in part, the requirements of paragraph (1) in the case of any tribally controlled [community college] *college or university* which demonstrates that neither such college nor the tribal government with which it is affiliated have sufficient resources to comply with such requirements. The Secretary shall base a decision on whether to grant such a waiver solely on the basis of the following factors: (A) tribal population; (B) potential student population; (C) the rate of unemployment among tribal members; (D) tribal financial resources; and (E) other factors alleged by the college to have a bearing on the availability of resources for compliance with the requirements of paragraph (1) and which may include he educational attainment of tribal members.

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TITLE III—TRIBALLY CONTROLLED [COMMUNITY COLLEGE] *COLLEGE OR UNIVERSITY* ENDOWMENT PROGRAM

PURPOSE

SEC. 301. [25 U.S.C. 1831] It is the purpose of this title to provide grants for the encouragement of endowment funds for the operation and improvement of tribally controlled [community colleges] *colleges or universities*.

ESTABLISHMENT OF PROGRAM, PROGRAM AGREEMENTS

SEC. 302. [25 U.S.C. 1832] (a) From the amount appropriated pursuant to section 306, the Secretary shall establish a program of making endowment grants to tribally controlled [community colleges] *colleges or universities* which are current recipients of assistance under section 107 of this Act or under section 3 of the Navajo Community College Act. No [such college] *such college or university* shall be ineligible for such a grant for a fiscal year by reason of the receipt of such a grant for a preceding fiscal year, but no [such college] *such college or university* shall be eligible for such a grant for a fiscal year if [such college] *such college or university*

has been awarded a grant under section 331 of the Higher Education Act of 1965 for such fiscal year.

(b) No grant for the establishment of an endowment fund by a tribally controlled [community college] *college or university* shall be made unless [such college] *such college or university* enters into an agreement with the Secretary which—

* * * * * * *

(B) a capital contribution by [such college] *such college or university* in an amount (or of a value) equal to half of the amount of each Federal capital contribution; and

* * * * * * *

(4) provides that, if at any time [such college] *such college or university* withdraws any capital contribution made by that college, an amount of Federal capital contribution equal to twice the amount of (or value of) such withdrawal shall be withdrawn and returned to the Secretary for reallocation to other colleges;

* * * * * * *

USE OF FUNDS

SEC. 303. [25 U.S.C. 1833] Interest deposited, pursuant to section 302(b)(2)(C), in the trust fund of any tribally controlled [community college] *college or university* may be periodically withdrawn and used, at the discretion of [such college], *such college or university* to defray any expenses associated with the operation of [such college], *such college or university* including expense of operations and maintenance, administration, academic and support personnel, community and student services programs, and technical assistance.

COMPLIANCE WITH MATCHING REQUIREMENT

SEC. 304. [25 U.S.C. 1834] For the purpose of complying with the contribution requirement of section 302(b)(2)(B), a tribally controlled [community college] *college or university* may use funds which are available from any private or tribal source. Any real or personal property received by a tribally controlled [community college] *college or university* as a donation or gift on or after the date of the enactment of this sentence may, to the extent of its fair market value as determined by the Secretary, be used by [such college] *college or university* as its contribution pursuant to section 302(b)(2)(B), or as part of such contribution, as the case may be. In any case in which any such real or personal property so used is thereafter sold or otherwise disposed of by such college, the proceeds therefrom shall be deposited pursuant to section 302(b)(2)(B) but shall not again be considered for Federal capital contribution purposes.

ALLOCATION OF FUNDS

SEC. 305. [25 U.S.C. 1835] (a) From the amount appropriated pursuant to section 306, the Secretary shall allocate to each tribally controlled [community college] *college or university* which is eligible for an endowment grant under this title an amount for a

Federal capital contribution equal to twice the value of the property or the amount which [such college] *such college or university* demonstrates has been placed within the control of, or irrevocably committed to the use of, the college and is available for deposit as a capital contribution of that college in accordance with section 302(b)(2)(B), except that the maximum amount which may be so allocated to any [such college] *such college or university* for any fiscal year shall not exceed $750,000.

(b) If for any fiscal year the amount appropriated pursuant to section 306 is not sufficient to allocate to each tribally controlled [community college] *college or university* an amount equal to twice the value of the property or the amount demonstrated by [such college] *such college or university* pursuant to subsection (a), then the amount of the allocation to each [such college] *such college or university* shall be ratably reduced.

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. [25 U.S.C. 1836] (a) There are authorized to be appropriated to carry out the provisions of this title, $10,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

SEC. 402. [25 U.S.C. 1851] GRANTS AUTHORIZED.

(a) GENERAL AUTHORITY.—The Secretary is authorized, subject to the availability of appropriations, to make grants to tribally controlled [community colleges] *college or university* which receive grants under either this Act or the Navajo Community College Act for the establishment and support of tribal economic development and education institutes. Each program conducted with assistance under a grant under this subsection shall include at least the following activities:

* * * * * * *

SEC. 403. [25 U.S.C. 1852] AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for grants under this title, $2,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

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EDUCATION OF THE DEAF ACT OF 1986

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SEC. 104. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

(a) GENERAL AUTHORITY.—* * *

* * * * * * *

(b) ADMINISTRATIVE REQUIREMENTS.—(1) The elementary and secondary education programs shall—

(A) provide technical assistance and outreach throughout the Nation to meet the training and information needs of parents of infants, children, and youth who are deaf or hard of hearing; *and*

(B) provide technical assistance and training to personnel for use in teaching (i) students who are deaf or hard of hearing, in various educational environments, and (ii) students who are deaf or hard of hearing with a broad spectrum of needs as described in subsection (a)[; and].

[(C) establish and publish priorities for research, development, and demonstration through a process that allows for public input.]

(2) To the extent possible, the elementary and secondary education programs shall provide the services required under [paragraph (1)] *paragraph (1)(B)* in an equitable manner, based on the national distributions of students who are deaf or hard of hearing in educational environments as determined by the Secretary for purposes of [section 618(b)] *section 618(a)(1)(A)* of the Individuals with Disabilities Education Act. Such educational environments shall include—

* * * * * * *

(3) If a local educational agency, [intermediate educational unit] *educational service agency,* or State educational agency refers a child to, or places a child in, one of the elementary or secondary education programs to meet its obligation to make available a free appropriate public education under part B of the Individuals with Disabilities Education Act, the agency or unit shall be responsible for ensuring that the special education and related services provided to the child by the education program are in accordance with part B of that Act and that the child is provided the rights and procedural safeguards under section 615 of that Act.

(4) If the parents or guardian places a child in one of the elementary or secondary education programs, the University shall—

(A) notify the appropriate local educational agency, [intermediate educational unit] *educational service agency or State educational agency of that child's attendance in the program;*

(B) work with local educational agencies, [intermediate educational units] *educational service agencies,* and State educational agencies, where appropriate, to ensure a smooth transfer of the child to and from that program; and

[(C) provide the child a free appropriate public education in accordance with part B of the individual with Disabilities Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

[(i) Subparagraphs (A), (C), (D), and (E) of paragraph (1) of subsection (b), and paragraph (2) of such subsection.

[(ii) Subsection (d), except the portion of paragraph (4) requiring that findings and decisions be transmitted to a State advisory panel.

[(iii) Paragraphs (1) through (3) subsection (e). Paragraph (3) of such subsection is not applicable to a decision by the University to refuse to admit or to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days notice to the child's parents and to the local educational agency in which the child resides.

[(iv) Subsection (f).]

(C) provide the child a free appropriate public education in accordance with part B of the Individuals with Disabilities

Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

(i) paragraphs (1), and (3) through (6), of subsection (b).

(ii) Subsections (c) through (g).

(iii) Subsection (h), except for the matter in paragraph (4) pertaining to transmission of findings and decisions to a State advisory panel.

(iv) Paragraphs (1) and (2) of subsection (i).

(v) Subsection (j)—

(I) except that such subsection shall not be applicable to a decision by the University to refuse to admit a child; or

(II) to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days written notice to the child's parents and to the local educational agency in which the child resides, unless the dismissal involves a suspension, expulsion, or other change in placement covered under section 615(k).

(vi) Subsections (k) through (m).

* * * * * * *

SEC. 105. AGREEMENT WITH GALLAUDET UNIVERSITY.

(a) GENERAL AUTHORITY.—The Secretary and Gallaudet University shall establish, ⟦within 1 year after enactment of the Education of the Deaf Act Amendments of 1992, a new⟧ *and periodically update, an* agreement governing the operation and national mission activities, including construction and provision of equipment, of the elementary and secondary education programs at the University. ⟦The Secretary and the University shall periodically update the agreement as determined to be necessary by the Secretary or the University.⟧ *The Secretary or the University shall determine the necessity for the periodic update described in the preceding sentence.*

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SEC. 112. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) GENERAL AUTHORITY.—(1) * * *

* * * * * * *

⟦(2) The Secretary and the institution of higher education with which the Secretary has an agreement under this section shall, within 1 year after the enactment of the Education of the Deaf Act Amendments of 1992, assess the need for modification of the agreement. The Secretary and the institution of higher education with which the Secretary has an agreement under this section shall also periodically update the agreement as determined to be necessary by the Secretary or the institution.⟧

(2) The Secretary and the institution of higher education with which the Secretary has an agreement under this section—

(A) shall periodically assess the need for modification of the agreement; and

(B) shall periodically update the agreement as determined necessary by the Secretary or the institution.

* * * * * * *

TITLE II—GENERAL PROVISIONS

SEC. 201. DEFINITIONS.

As used in this Act—

(1) * * *

* * * * * * *

(C) is not lawfully admitted for permanent residence in American Samoa, Guam, [Palau (but only until the Compact of Free Association with Palau take effect),] the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, or the Virgin Islands.

* * * * * * *

(5) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, *and* the Commonwealth of the Northern Mariana Island[s, and Palau (but only until the Compact of Free Association with Palau takes effect)].

SEC. 203. AUDIT.

(a) GENERAL ACCOUNTING OFFICE AUTHORITY.— * * *

* * * * * * *

[(b) INDEPENDENT AUDIT.—Gallaudet University shall have an annual independent financial audit made of the programs and activities of the University. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.]

(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

"(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.

"(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through (f), of section 207, and subsections (b) and (c) of section 210.

"(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary within 15

days of acceptance of the audit by the University or the institution authorized to establish and operate the NTID under section 112(a), as the case may be, but not later than January 10 of each year.".

* * * * * * *

SEC. 204. REPORTS.

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(3)(A) [The annual] *A summary of the annual* audited financial statements and auditor's report of the University, as required under section 203, and (B) [the annual] *a summary of the annual* audited financial statements and auditor's report of the institution of higher education with which the Secretary has an agreement under section 112, including specific schedules and analyses for all NTID funds, as required under section 203, and such supplementary schedules presenting financial information for NTID for the end of the Federal fiscal year as determined by the Secretary.

SEC. 205. MONITORING, EVALUATION, AND REPORTING.

(a) ACTIVITIES—* * *

* * * * * * *

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years [1993 1994, 1995, 1996, and 1997] *1998 through 2003* to carry out the monitoring and evaluation activities authorized under this section.

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SEC. 207. FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) ESTABLISHMENT OF PROGRAMS.—

* * * * * * *

(c) INVESTMENTS.—

(1) Except as provided in subsection (e), the University and NTID, respectively, shall invest *the Federal contribution of* its Federal endowment fund corpus and income in instruments and securities offered through one or more cooperative service organizations of operating educational organizations under section 501(f) of the Internal Revenue Code of 1986, or in low-risk instruments and securities in which a regulated insurance company may invest under the laws of the State in which the institution involved is located.

(d) * * *

* * * * * * *

(3)(A) Except as provided in subparagraph (B), the University and NTID, respectively, may, on an annual basis, withdraw or expend not more than 50 percent of the income generated from its Federal endowment fund from the [prior] *current* fiscal year.

* * * * * * *

(h) * * *

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(1) In the case of the University, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the fiscal years [1993 through 1997] *1998 through 2003.*

(2) In the case of NTID, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the fiscal years [1993 through 1997] *1998 through 2003.*

* * * * * * *

SEC. 210. INTERNATIONAL STUDENTS.

(a) ENROLLMENT.—Effective with new admissions for academic year 1992–1994 and each succeeding academic year, the University (including preparatory, undergraduate, and graduate students) and NTID shall limit the enrollment of international students to approximately 10 percent of the total postsecondary student population enrolled respectively at the University or NTID*, except that in any school year no United States citizen who is qualified to be admitted to the University or NTID and applies for admission to the University or NTID shall be denied admission because of the admission of an international student.*

* * * * * * *

[SEC. 211. AUTHORIZATION OF APPROPRIATIONS.

[(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1993 through 1997 to carry out the provisions of this Act, relating to—

[(1) Gallaudet University,

[(2) Kendall Demonstration Elementary School, and

[(3) the model secondary school for individuals who are deaf.

[(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1993 through 1997 to carry out the provisions of this Act relating to the National Technical Institute for the Deaf.]

SEC. 211. RESEARCH PRIORITIES.

(a) RESEARCH PRIORITIES.—Gallaudet University and the National Technical Institute for the Deaf shall each establish and disseminate priorities for their national mission with respect to deafness related research, development, and demonstration activities, that reflect public input, through a process that includes consumers, constituent groups, and the heads of other federally funded programs. The priorities for the University shall include activities conducted as part of the University's elementary and secondary education programs under section 104.

(b) RESEARCH REPORTS.—The University and NTID shall each prepare and submit an annual research report, to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Labor and Human Resources of

the Senate, not later than January 10 of each year, that shall include—

(1) a summary of the public input received as part of the establishment and dissemination of priorities required by subsection (a), and the University's and NTID's response to the input; and

(2) a summary description of the research undertaken by the University and NTID, the start and projected end dates for each research project, the projected cost and source or sources of funding for each project, and any products resulting from research completed in the prior fiscal year.

SEC. 212. AUTHORIZATION OF APPROPRIATIONS.

(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II, relating to—

(1) Gallaudet University;

(2) Kendall Demonstration Elementary School; and

(3) the Model Secondary School for the Deaf.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II relating to the National Technical Institute for the Deaf.

TITLE III—COMMISSION ON EDUCATION OF THE DEAF

SEC. 301. COMMISSION ESTABLISHED.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish a Commission on the Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in barriers to successful postsecondary education experiences and employment, and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education experiences and

(2) DEFINITION OF INDIVIDUALS WHO ARE DEAF.—In this title, the term 'individuals who are deaf' means all persons with hearing impairments, including those who are hard-of-hearing, those deafened later in life, and those who are profoundly deaf.

(b) COMPOSITION.—

(1) IN GENERAL.—The Commission shall be composed of 13 members appointed by the Secretary from recommendations made by the National Association of the Deaf, the American Society for Deaf Children, the Alexander Graham Bell Association, the President of Gallaudet, the Vice President of the National Technical Institute for the Deaf, State Schools for the Deaf, projects to train teachers of the deaf funded under section 673(b) of the Individuals with Disabilities Education Act, parent training and information centers funded under section 682 of such Act, the Regional Centers on Postsecondary Education for Individuals who are Deaf funded under section 672 of such Act, Self-Help for Hard of Hearing People, and the Cothe Council on Education of the Deaf.

(2) QUALIFICATIONS.—

(A) IN GENERAL.—Members of the Commission shall be appointed from among individuals who have broad experience and expertise in deafness, program evaluation, education, rehabilitation, and job training generally, which expertise and experience shall be directly relevant to the issues to be addressed by the Commission.

(B) DEAF INDIVIDUALS.—At least 1/3 of members of the Commission shall be individuals who are deaf.

(C) CHAIRPERSON.—The chairperson of the Commission shall be elected by a simple majority of the Commission.

(D) ASSISTANT SECRETARY.—One member of the Commission shall be the Assistant Secretary for Special Education and Rehabilitative Services.

(3) DATE.—Members of the Commission shall be appointed not later than 90 days after the date of enactment of the Education of the Deaf Amendments of 1998.

SEC. 302. DUTIES, REPORT, AND DURATION OF THE COMMISSION.

(a) IDENTIFICATION OF FACTORS.—The Commission shall identify, with respect to individuals who are deaf, factors that pose barriers to or factors that facilitate—

(1) educational performance and progress of students who are deaf in high school;

(2) educational performance and progress of students who are deaf in postsecondary education;

(3) career exploration and selection;

(4) job performance and satisfaction in initial postsecondary employment; and

(5) career advancement and satisfaction.

(b) REPORT.—The Commission shall report to the President and Congress such interim reports that the Commission deems appropriate, and not later than 18 months after the date of enactment of the Education of the Deaf Amendments of 1998, a final report containing the findings of the Commission with respect to the factors identified under subsection (a). The final report shall include recommendations, including legislative proposals, that the Commission deems advisable.

(c) TERMINATION.—The Commission shall terminate 90 days after the date on which the Commission submits the Commission's final report described in subsection (b).

SEC. 303. ADMINISTRATIVE PROVISIONS.

(a) PERSONNEL.—

(1) IN GENERAL.—The Commission may appoint such personnel, including a staff director, as the Commission deems necessary without regard to the provisions of title 5, United States Code, except that the rate pay for any employee of the Commission may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay pre-

scribed for level V of the Executive Schedule under section 5316 of such title.

(b) HEARINGS; QUORUM.—

(1) HEARINGS.—The Commission or, with the authorization of the Commission, any committee of the Commission, may, for the purpose of carrying out the provisions of this title, hold such hearings, sit, and act at such times and such places in the United States as the Commission or such committee may deem advisable.

(2) QUORUM.—Seven members of the Commission shall constitute a quorum, but 2 or more members may conduct hearings.

(3) HEARINGS AND PUBLIC INPUT.—In conducting hearings and acquiring public input under this title, the Commission may use various telecommunications media, including teleconferencing, video-conferencing, the Internet, and other media.

(c) CONSULTATION; INFORMATION AND STATISTICS; AGENCY COOPERATION.—

(1) IN GENERAL.—In carrying out the Commission's duties under this title and to the extent not prohibited by Federal law, the Commission is authorized to secure consultation, information, statistics, and cooperation from Federal agencies, entities funded by the Federal Government, and other entities the Commission deems advisable.

(2) SPECIAL RULE.—The Commission is authorized to use, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

SEC. 304. COMPENSATION OF MEMBERS.

(a) UNITED STATES OFFICER AND EMPLOYEE MEMBERS.—Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(b) PUBLIC MEMBERS.—Members of the Commission who are not officers or full-time employees of the United States shall receive compensation at a rate that does not exceed the daily rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such members are engaged in the actual performance of the duties of the Commission. In addition, such members may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 and 2000.

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UNITED STATES CODE—TITLE 20

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GENERAL EDUCATION PROVISIONS ACT

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SEC. 1232g. FAMILY EDUCATIONAL AND PRIVACY RIGHTS.

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(iii) records that are maintained by local police or campus security officers of an educational agency or institution about—

(I) individuals who have been found guilty of, or have pled guilty to, committing or participating in any criminal activity as defined in Federal, State, or local law that has occurred while the individual was a student in attendance, including audit or noncredit, at an educational institution; and

(II) findings of guilt of criminal misconduct and related sanctions from any previously attended educational agencies or institutions where such records were created on or after September 1, 1999, and that are maintained by the institution currently or most recently attended by the individual;

[(iii)**]** *(iv)* in the case of persons who are employed by an educational agency or institution but who are not in attendance at such agency or institution, records made and maintained in the normal course of business which relate exclusively to such person in that person's capacity as an employee and are not available for use for any other purpose; or

[(iv)**]** *(v)* records on a student who is eighteen years of age or older, or is attending an institution of post-secondary education, which are made or maintained by a physician, psychiatrist, psychologist, or other recognized professional or paraprofessional acting in his professional or paraprofessional capacity, or assisting in that capacity, and which are made, maintained, or used only in connection with the provision of treatment to the student, and are not available to anyone other than persons providing such treatment, except that such records can be personally reviewed by a physician or other appropriate professional of the student's choice.

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AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT ACT

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SUBCHAPTER III—AUTHORIZATION OF APPROPRIATIONS

[SEC. 4451. AUTHORIZATION OF APPROPRIATIONS.

[(a) SUBCHAPTER I

[(1) There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of subchapter I of this chapter.

[(2) Funds appropriated under the authority of paragraph (1) shall remain available without fiscal year limitation.

[(3) Except as provided for amounts subject to section 4425(d) of this title, amounts appropriated under the authority of this subsection for fiscal year 1989, and for each succeeding fiscal year, shall be paid to the Institute at the later of—

[(A) the beginning of the fiscal year, or

[(B) upon enactment of such appropriation.

[(4) Funds appropriated under this subsection for the fiscal year 1992 and for each succeeding fiscal year shall be transferred by the Secretary of the Treasury through the most expeditious method available with the Institute being designated as its own certifying agency.

[(5) Funds are authorized to be appropriated for programs for more than one fiscal year. For the purpose of affording adequate notice of funding available under this chapter, amounts appropriated in an appropriations Act for any fiscal year to carry out this chapter may, subject to the appropriation, become available for obligations on July 1, of that fiscal year.

[(b) SUBCHAPTER II

There are authorized to be appropriated for the purpose of carrying out the provisions of subchapter II of this chapter—

[(1) for fiscal year 1987, $1,000,000, and

[(2) for each succeeding fiscal year, such sums as may be necessary to carry out such provisions.]

SEC. 4451. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out part A $5,000,000 for fiscal year 1999.

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UNITED STATES CODE TITLE 22

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UNITED STATES INSTITUTE OF PEACE ACT

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SEC. 4604. POWERS AND DUTIES.

(a) DISTRICT OF COLUMBIA NONPROFIT-CORPORATIVE POWERS.—

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(f) CONTRACTS FOR OPERATION OF INSTITUTE.—The Institute may enter to *personal service and other* contracts for the proper operation of the Institute.

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(o) ADMINISTRATIVE SERVICES FROM GENERAL SERVICES ADMINISTRATION.—The Institute may obtain administrative support services from the Administrator of General Services *and use all sources of supply and services of the General Services Administration* on a reimbursable basis.

* * * * * * *

SEC. 4609. FUNDING

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—For the purpose of carrying out this chapter, there are authorized to be appropriated $15,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the [6] *4* succeeding fiscal years.

* * * * * * *

SEC. 4611. BIENNIAL REPORTS TO PRESIDENT AND CONGRESS; COMMENTS, FINDINGS, AND RECOMMENDATIONS; CONGRESSIONAL COMMITTEE HEARINGS.

Beginning two years after October 19, 1984, and at intervals of two years thereafter, the Chairman of the Board shall prepare and transmit to the Congress and the President a report detailing the progress the institute has made in carrying out the purposes of this chapter during the preceding two-year period. The President [shall] *may* prepare and transmit to the Congress within a reasonable time after the receipt of such report the written comments and recommendations of the appropriate agencies of the United States with respect to the contents of such report and their recommendations with respect to any legislation which may be required concerning the Institute. After receipt of such report by the Congress, the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate [shall] *may* hold hearings to review the findings and recommendations of such report and the written comments received from the President.

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TITLE 10

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SCIENCE AND MATHEMATICS EDUCATION IMPROVEMENT PROGRAM

SEC. 2193. SCIENCE AND MATHEMATICS EDUCATION IMPROVEMENT PROGRAM.

(a)(1) * * *

* * * * * * *

(c) in this section:

(1) The term "institution of higher education" has the meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

SEC. 2199. DEFINITIONS.

In this chapter:

(1) * * *

(2) The term "institution of higher education" has the meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

TITLE 10—NOTE

NATIONAL DEFENSE AUTHORIZATION ACT

SEC. 2324. ALLOWABLE COSTS UNDER DEFENSE CONTRACTS.

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(c) DEFINITIONS.—In this section:

(1) * * *

(2) The term "institution of higher education" has the meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))] [section 1141(a) of Title 20, Education].

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SEC. 2701. ENVIRONMENTAL RESTORATION PROGRAM.

ENVIRONMENTAL RESTORATION INSTITUTIONAL GRANTS FOR TRAINING DISLOCATED DEFENSE WORKERS AND YOUNG ADULTS

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(i) DEFINITIONS.—For purposes of this section [this note]:

* * * * * * *

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

ENVIRONMENTAL EDUCATION OPPORTUNITIES PROGRAM

* * * * * * *

(k) DEFINITIONS.—For purposes of this section [this note]:

* * * * * * *

(3) The term "institution of higher education" has the same meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

ENVIRONMENTAL SCHOLARSHIP AND FELLOWSHIP PROGRAM FOR THE DEPARTMENT OF DEFENSE

* * * * * * *

(b) ELIGIBILITY.—To be eligible to participate in the scholarship or fellowship program, an individual must—

(1) be accepted for enrollment or be currently enrolled as a full-time student at an institution of higher education (as defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))];

* * * * * * *

SEC. 1. TRUSTS, ETC., IN RESTRAINT OF TRADE ILLEGAL; PENALTY.

APPLICATION OF ANTITRUST LAWS TO AWARD OF NEED-BASED EDUCATIONAL AID

* * * * * * *

(c) DEFINITIONS.—For purposes of this section—

(1) * * *

* * * * * * *

(3) the term "institution of higher education" has the meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))];

* * * * * * *

TITLE 18

CRIMES AND CRIMINAL PROCEDURE

SEC. 207. RESTRICTIONS ON FORMER OFFICERS, EMPLOYEES, AND ELECTED OFFICIALS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES.

(a) RESTRICTIONS ON ALL OFFICERS AND EMPLOYEES OF THE EXECUTIVE BRANCH AND CERTAIN OTHER AGENCIES.—* * *

* * * * * * *

(j) EXCEPTIONS.—

* * * * * * *

(B) an accredited, degree-granting institution of higher education, as defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965, or a hospital or medical research organization, exempted and defined under section 501(c)(3) of the Internal Revenue Code of 1986, if the appearance, communication, or representation is on behalf of such institution, hospital, or organization.

* * * * * * *

ACT OF NOVEMBER 2, 1991

(Popularly known as the "Snyder Act")

AN ACT Authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, for the benefit, care, and assistance of the Indians throughout the United States for the following purpose:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the enlargement, extension, improvement and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the suppression of traffic in intoxicating liquor and deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

Notwithstanding any other provision of this Act or any other law, postsecondary schools administered by the Secretary of the Interior for Indians, and which meet the definition of an "institution of higher education" under section 【1201】 *101* of the Higher Education Act of 1965 shall be eligible to participate in and receive appropriated funds under any program authorized by the Higher Education Act of 1965, or any other applicable program for the benefit of institutions of higher education, community colleges, or postsecondary educational institutions.

SECTION 112 OF THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961

SEC. 112. (a) In order to carry out the purposes of this Act, there is established in the United States Information Agency, or in such appropriate agency of the United States as the President shall determine, a Bureau of Educational and Cultural Affairs (hereinafter in this section referred to as the "Bureau"). The Bureau shall be responsible for managing, coordinating, and overseeing programs established pursuant to his Act, including but not limited to—

(1) * * *

* * * * * * *

(8) the Samantha Smith Memorial Exchange Program which advances understanding between the United States and the independent states of the former Soviet Union and between the United States and Eastern European countries through the exchange of persons under the age of 21 years and of students at an institution of higher education (as defined in [section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965*) who have not received their initial baccalaureate degree or through other programs designed to promote contact between the young peoples of the United States, the independent states of the former Soviet Union, and Eastern European countries; and

* * * * * * *

THE TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978

* * * * * * *

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tribally Controlled Community College Assistance Act of 1978".

DEFINITIONS

SEC. 2. (a) For purposes of this Act, the term—

(1) * * *

* * * * * * *

(5) "institution of higher education" means an institution of higher education as defined by section [1201(a)] *101(a)* of the Higher Education Act of 1965, except that clause (2) of such section shall not be applicable and the reference to Secretary in clause (5)(A) of such section shall be deemed to refer to the Secretary of the Interior;

* * * * * * *

CONSTRUCTION OF NEW FACILITIES

SEC. 113. (a) * * *

* * * * * * *

(2) must be accredited by a nationally recognized accrediting agency listed by the Secretary of Education pursuant to the last sentence of section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965*, except that such requirement may be waived if the Secretary determines that there is a reasonable expectation that such college will be fully accredited within eighteen months. In any case where such a waiver is granted, grants

under this section shall be available only for planning and development of proposals for construction.

* * * * * * *

SECTION 803 OF THE RESEARCH AND TRAINING FOR EASTERN EUROPE AND THE INDEPENDENT STATES OF THE FORMER SOVIET UNION ACT OF 1983

DEFINITIONS

SEC. 803. As used in this title—

(1) the term "institution of higher education" has the same meaning given such term in section [1201(a)] *101(a)* of the Higher Education Act of 1965; and

* * * * * * *

SECTION 603 OF THE FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1986 AND 1987

SEC. 603 SCHOLARSHIP PROGRAM AUTHORITY.

(a) * * *

* * * * * * *

(d) DEFINITION.—For purposes of this title, the term "institution of higher education" has the same meaning as given to such term by section [1201(a)] *101(a)* of the Higher Education Act of 1965.

* * * * * * *

REHABILITATION ACT OF 1973

* * * * * * *

DEFINITIONS

SEC. 7. For the purposes of this Act:

(1) * * *

* * * * * * *

(32) The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965.*

* * * * * * *

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

* * * * * * *

STATE PLANS

SEC. 101. (a) In order to be eligible to participate in programs under this title, a State shall submit to the Commissioner a State plan for vocational rehabilitation services for a 3-year period, or shall submit the plan on such date, and at such regular intervals, as the Secretary may determine to be appropriate to coincide with the intervals at which the State submits State plans under other Federal laws, such as part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.). In order to be eligible to participate in programs under this title, a State, upon the request of the Commissioner, shall make such annual revisions in the plan as may be necessary. Each such plan shall—

(1) * * *

* * * * * * *

(7)(A) include a description (consistent with the purposes of this Act) of a comprehensive system of personnel development, which shall include—

(i) a description of the procedures and activities the State agency will undertake to ensure an adequate supply of qualified State rehabilitation professionals and paraprofessionals for the designated State unit, including the development and maintenance of a system for determining, on an annual basis—

(I) * * *

* * * * * * *

(iv) a description of the development, updating, and implementation of a plan that—

(I) * * *

(II) provides for the coordination and facilitation of efforts between the designated State unit and institutions of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965)* and professional associations to recruit, prepare and retain qualified personnel, including personnel from minority backgrounds, and personnel who are individuals with disabilities; and

* * * * * * *

PART G—AMERICAN INDIAN TEACHER TRAINING

SEC. 1371. AMERCIAN INDIAN TEACHER TRAINING.

(a) INSTITUTIONAL SUPPORT.—

(1) IN GENERAL.—The Secretary of Education is authorized to award grants to tribally controlled postsecondary, vocational and technical institutions for the purposes of—

(A) developing teacher training programs;

(B) building articulation agreements between such institutions and other institutions of higher education as defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965; and

* * * * * * *

JOB TRAINING PARTNERSHIP ACT

* * * * * * *

DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) * * *

* * * * * * *

(12) The term "institution of higher education" means any institution of higher education as that term is defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965.

* * * * * * *

TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

* * * * * * *

PART C—PROGRAM REQUIREMENTS FOR SERVICE DELIVERY SYSTEM

GENERAL PROGRAM REQUIREMENTS

SEC. 141. Except at otherwise provided, the following conditions are applicable to all programs under this Act:

(a) * * *

* * * * * * *

(d)(1) * * *

* * * * * * *

(3)(A) * * *

* * * * * * *

(B) Tuition charges for training or education provided by an institution of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965)* or a proprietary institution of higher education (as defined in section 481(b) of such Act (20 U.S.C. 1088(b))), that are not more than the charges for such training or education made

available to the general public, do not require a breakdown of cost components.

* * * * * * *

FEDERAL WATER POLLUTION CONTROL ACT

DEFINITIONS AND AUTHORIZATIONS

SEC. 112. (a) As used in sections 109 through 112 of this Act—

(1) The term "institution of higher education" means an educational institution described in the first sentence of section [1201] *101* of the Higher Education Act of 1965 (other than an institution of any agency of the United States) which is accredited by a nationally recognized accrediting agency or association approved by the Administrator for this purpose. For purposes of this subsection, the Administrator shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

* * * * * * *

SECTION 3626 OF TITLE 39, UNITED STATES CODE

§ 3626. Reduced rates

(a) * * *

(b)(1) * * *

* * * * * * *

(3) For purposes of this subsection, the term "institution of higher education" has the meaning given it by section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 102 OF THE OLDER AMERICANS ACT OF 1965

DEFINITIONS

SEC. 102. For the purposes of this Act—

(1) * * *

* * * * * * *

(32) The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 362 OF THE ENERGY POLICY AND CONSERVATION ACT

STATE ENERGY CONSERVATION PLANS

SEC. 362. (a) * * *

* * * * * * *

(f)(1) The purposes of this subsection are to—

(A) * * *

* * * * * * *

(5) For the purposes of this subsection, the term—

(A) "institution of higher education" has the same meaning as such term is defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 3132 OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1992 AND 1993

SEC. 3132. SCHOLARSHIP AND FELLOWSHIP PROGRAM FOR ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.

(a) * * *

(b) ELIGIBILITY.—To be eligible to participate in the scholarship and fellowship program, an individual must—

(1) be accepted for enrollment or be currently enrolled as a full-time student at an institution of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965;*

* * * * * * *

SECTION 649 OF THE HEAD START ACT

SEC. 649. RESEARCH, DEMONSTRATIONS, AND EVALUATION.

(a) * * *

* * * * * * *

(c) CONSULTATION AND COLLABORATION.—In carrying out activities under this section, the Secretary shall—

(1) * * *

* * * * * * *

(3) establish, to the extent appropriate, working relationships with the faculties of institutions of higher education, as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965,* located in the area in which any evaluation under this section is being conducted, unless there is no such institution of higher education willing and able to participate in such evaluation.

* * * * * * *

SEC. 670G OF THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

DEFINITIONS

SEC. 670G. For purposes of this subchapter—

(1) * * *

* * * * * * *

(5) the term "institution of higher education" has the same meaning given that term under section [1201(a)] *101(a)* of the Higher Education Act of 1965;

* * * * * * *

SECTION 3601 OF THE ANTI-DRUG ABUSE ACT OF 1988

SEC. 3601. DEFINITIONS.

Unless otherwise defined by an Act amended by this title, for purposes of this title and the amendments made by this title—

(1) * * *

* * * * * * *

(7) the term "institution of higher education" has the meaning given it in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 114(a))] *101(a) of the Higher Education Act of 1965,*

* * * * * * *

NATIONAL AND COMMUNITY SERVICE ACT OF 1990

* * * * * * *

TITLE I—NATIONAL AND COMMUNITY SERVICE STATE GRANT PROGRAM

Subtitle A—General Provisions

SEC. 101. DEFINITIONS.

For purposes of this title:

(1) * * *

* * * * * * *

(13) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the same meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965*.

* * * * * * *

SEC. 166. DEFINITIONS.

In this subtitle:

(1) * * *

* * * * * * *

(6) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given that term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965*.

* * * * * * *

SECTION 922 OF THE FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996

SEC. 922. STUDENT INTERNSHIP PROGRAMS.

(a) STUDENT INTERN SUBSISTENCE PROGRAM.—

(1) DEFINITION OF STUDENT INTERN.—In this subsection, the term "student intern" means a person who—

(A) * * *

(B) is a student in good standing at an institution of higher education (as defined in section [1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)] *101 of the Higher Education Act of 1965)* pursuing a course of study related to the field in which the person is employed by the Department.

* * * * * * *

(b) COOPERATION WITH ASSOCIATIONS OF COLLEGES AND UNIVERSITIES.—

(1) AUTHORITY TO COOPERATE.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements on an annual basis with 1 or more associations of institutions of higher education (as defined in section [1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)] *101 of the Higher Education Act of 1965)* for the purpose of providing for Department participation in internship programs for graduate and undergraduate students who are selected by the associations from students attending member institutions of the associations and other institutions of higher education.

* * * * * * *

SECTION 1417 OF THE FOOD AND AGRICULTURE ACT OF 1977

(a) * * *

* * * * * * *

(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

(A) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a) of the Higher Education Act of 1965*.

* * * * * * *

SECTION 3 OF THE EDUCATION FOR ECONOMIC SECURITY ACT

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) * * *

* * * * * * *

(6) The term "institution of higher education" has the same meaning given the term by section [1201(a)] *101(a)* of the Higher Education Act of 1965.

* * * * * * *

SECTION 815 OF THE JAMES MADISON MEMORIAL FELLOWSHIP ACT

DEFINITIONS

SEC. 815. As used in this title—

(1) * * *

* * * * * * *

(3) The term "institution of higher education" has the same meaning given that term by section [1201(a)] *101(a)* of the Higher Education Act of 1965; and

(4) the term "secondary school" has the same meaning given that term by section [1201(d) of the Higher Education Act of 1965] *14101 of the Elementary and Secondary Education Act of 1965*.

* * * * * * *

SECTION 429 OF THE GENERAL EDUCATION PROVISIONS ACT

DISCLOSURE REQUIREMENTS

SEC. 429. (a) * * *

* * * * * * *

(d) DEFINITIONS.—As used in this section:

(1) DISABILITY.—The term "disability" has the same meaning given to such term by section 3(2) of the Americans with Disabilities Act of 1990.

(2) EDUCATIONAL ORGANIZATION.—(A) * * *

(B) The definition in subparagraph (A) shall not include—

(i) a local educational agency, State educational agency, a State department of education, or an elementary or secondary school as defined by the Elementary and Secondary Education Act of 1965;

(ii) an institution of higher education as defined by section [1201(a)] *101(a)* of the Higher Education Act of 1965; or

* * * * * * *

* * * * * * *

HIGHER EDUCATION AMENDMENTS OF 1992

* * * * * * *

§ 1001. Purpose.

It is the purpose of this part to encourage partnerships between institutions of higher education or State higher education agencies and secondary schools serving low-income and disadvantaged students, to support programs that—

* * * * * * *

HISTORICAL AND STATUTORY NOTES

* * * * * * *

General Provisions of 1992 Amendments

Pub.L. 102–325, § 1(c), July 23, 1992, 106 Stat. 448, provided that: "Unless otherwise provided therein, terms used in titles XIII, XIV, and XV [enacting sections 1145h and 4426 of this title, sections 3301 to 3371 of Title 25, Indians, and sections 2401 to 2405 of Title 29; Labor, amending sections 1221e-1, 1232g, 3412, 4412, 4414, 4416, 4417, 4418, 4421, 4422, 4423, 4424, 4425, 5381, and 5411 of this title, section 5315 of Title 5, Government Organization and Employees, sections 4604 and 4609 of Title 22, Foreign Relations and Intercourse, sections 640c-1, 1810, 1836, and 1852 of Title 25, and sections 295g-8 and 12576 of Title 42, The Public Health and Welfare, amending provisions set out as a note under section 362 of Title 11, Bankruptcy, and enacting provisions set out as notes under sections 1070, 1070a-11, 1070a-21, 1071, 1080, 1088, 1091a, 1101, 1132a, 1134, 1221-1, 1221e, 1221e-1, 1232g, and 1452 of this title] shall have the same meaning given to such terms in section **[**1201**]** *101* of the Higher Education Act of 1965 [section 1141 of this title]."

* * * * * * *

COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM ACT OF 1994

* * * * * * *

TITLE III—CRIME PREVENTION

* * * * * * *

Subtitle D—Family and Community Endeavor Schools Grant Program

SEC. 30401. COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM.

(a) SHORT TITLE.—This section may be cited as the "Community Schools Youth Services and Supervision Grant Program Act of 1994".

(b) DEFINITIONS.—In this section—

"child" means a person who is not younger than 5 and not older than 18 years old.

* * * * * * *

"public school" means a public elementary school, as defined in section **[**1201**]**(i) *101* of the Higher Education Act of 1965 **[**(20 U.S.C. 1141(i))**]**, and a public secondary school, as defined in section **[**1201**]**(d) *101* of that Act.

* * * * * * *

POLICE CORPS ACT

* * * * * * *

Subtitle A—Police Corps

* * * * * * *

SEC. 200103. DEFINITIONS.

In this subtitle—

"academic year" means a traditional academic year beginning in August or September and ending in the following May or June.

* * * * * * *

"institution of higher education" has the meaning stated in the first sentence of section **[**1201(a)**]** *101(a)* of the Higher Education Act of 1965 **[**(20 U.S.C. 1141(a))**]**.

* * * * * * *

LAW ENFORCEMENT SCHOLARSHIP AND RECRUITMENT ACT

* * * * * * *

Subtitle B—Law Enforcement Scholarship Program

SEC. 200202. DEFINITIONS.

In this subtitle—

"Director" means the Director of the Office of the Police Corps and Law Enforcement Education appointed under section 200104.

* * * * * * *

"institution of higher education" has the meaning stated in the first sentence of section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

SECTION 223 OF THE COMMUNICATION ACT OF 1934

SEC. 223. OBSCENE OR HARASSING TELEPHONE CALLS IN THE DISTRICT OF COLUMBIA OR IN INTERSTATE OR FOREIGN COMMUNICATIONS.

(a) * * *

* * * * * * *

(h) For purposes of this section—

(1) * * *

* * * * * * *

(4) The term "institution of higher education" has the meaning provided in section [1201] *101* of the Higher Education Act of 1965 [(20 U.S.C. 1141)].

* * * * * * *

BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION ACT

* * * * * * *

SEC. 1403. DEFINITIONS.

In this title:

(1) * * *

* * * * * * *

(4) The term "institution of higher education" means any such institution as defined in section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(A))].

* * * * * * *

DAVID L. BOREN NATIONAL SECURITY EDUCATION ACT OF 1991

* * * * * * *

SEC. 808. DEFINITIONS.

For the purpose of this title:

(1) * * *

* * * * * * *

(3) The term "institution of higher education" has the meaning given that term by section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))].

* * * * * * *

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1977

* * * * * * *

TITLE VII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 701. For the purposes of this Act—

(1) * * *

* * * * * * *

(32) the term "institution of higher education" as used in titles VIII and IX, means any such institution as defined by section [1201(a)] *101(a)* of the Higher Education Act of 1968.

* * * * * * *

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1994 AND 1995

* * * * * * *

SEC. 240. ENVIRONMENT AND SUSTAINABLE DEVELOPMENT EXCHANGE PROGRAM.

(a) PURPOSE.— * * *

* * * * * * *

(d) DEFINITION.—For purposes of this section, the term "institution of higher education" has the same meaning given to such term by section [1201(a)] *101(a)* of the Higher Education Act of 1965.

* * * * * * *

COMMUNITY SERVICES BLOCK GRANT ACT—SEC. 682(b)(1)

* * * * * * *

SEC. 682(a) * * *

* * * * * * *

(b) PROGRAM REQUIREMENTS.—

(1) Any instructional activity carried out by an eligible service provider receiving a grant under this subsection shall be carried out on the campus of an institution of higher education (as defined in section [1201(a)] *101(a)* of the Higher Education Act [(20 USCS § 1141(a))] and shall include—

* * * * * * *

OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968

§ 3791. General provisions

(a) DEFINITIONS.—As used in this title—

* * * * * * *

(17) "institution of higher education" means any such institution as defined by section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 USCS § 1141(a))], subject, however, to such modifications and extensions as the Office may determine to be appropriate;

* * * * * * *

TITLE 42—UNITED STATES CODE

* * * * * * *

SEC. 1862i. SCIENTIFIC AND TECHNICAL EDUCATION.

(a)—National advanced scientific and technical education program.

* * * * * * *

(g) DEFINITIONS.—As used in this section—

(1) * * *

* * * * * * *

(2) the term "associate-degree-granting college" means an institution of higher education (as determined under section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))] that—

* * * * * * *

(3) the term "bachelor-degree-granting institution" means an institution of higher education (as determined under section [1201(a)] *101(a)* of the Higher Education Act of 1965 [(20 U.S.C. 1141(a))] that offers a baccalaureate degree program;

* * * * * * *

○