

109TH CONGRESS  
1ST SESSION

# H. R. 2949

To amend the Higher Education Act of 1965.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2005

Mr. GEORGE MILLER of California (for himself, Mr. KILDEE, Ms. PELOSI, Mr. OWENS, Mr. PAYNE, Ms. WOOLSEY, Mr. HINOJOSA, Mrs. MCCARTHY, Mr. TIERNEY, Mr. WU, Mr. KUCINICH, Mr. HOLT, Ms. MCCOLLUM of Minnesota, Mrs. DAVIS of California, Mr. DAVIS of Illinois, Mr. GRIJALVA, Mr. VAN HOLLEN, Mr. RYAN of Ohio, Mr. BISHOP of New York, Mr. BARROW, Mr. HIGGINS, Mr. DOGGETT, Ms. MATSUI, Ms. BALDWIN, Mr. MICHAUD, Mrs. JONES of Ohio, Mr. STARK, Mr. CONYERS, and Ms. SOLIS) introduced the following bill; which was referred to the Committee on Education and the Workforce

---

## A BILL

To amend the Higher Education Act of 1965.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “College Opportunity for All Act”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. References.

Sec. 3. Findings.

## TITLE I—BOOSTING COLLEGE OPPORTUNITIES

- Sec. 101. Pell grants.
- Sec. 102. College affordability and accountability.
  - “Sec. 132. State commitment to affordable college education.
  - “Sec. 133. Cost containment strategies.
  - “Sec. 401A. Incentives and rewards: Pell Plus.
  - “Sec. 486A. Articulation agreement demonstration program.
- Sec. 103. Elimination of loan fees to borrowers.
- Sec. 104. Authority to refinance consolidation loans.
- Sec. 105. Providing low cost loans.
- Sec. 106. Recapture of excess interest.
- Sec. 107. Termination of excessive allowances.
- Sec. 108. Public service scholarships.
  - “Sec. 428K. Loan forgiveness for public service employees.
- Sec. 109. Significantly simplifying the student aid application process.
- Sec. 110. Authorizations of appropriations for campus-based aid.
  - “Sec. 404H. Authorization of appropriations.
- Sec. 111. Special programs for students whose families are engaged in migrant and seasonal farm work.
- Sec. 112. Initiative to enhance college graduation rates and to accelerate time to degree.

“SUBPART 8—INITIATIVE TO ENHANCE COLLEGE GRADUATION RATES AND TO  
ACCELERATE TIME TO DEGREE

- “Sec. 419P. Program authorized.
- Sec. 113. Consolidation loan lender of choice.
- Sec. 114. Establishing additional safeguards on schools acting as lenders under the Federal Family Education Loan Program.
- Sec. 115. Boosting opportunities for low-income parents to pursue college degrees.
- Sec. 116. Support for community service in college work-study program.
- Sec. 117. B.J. Stupak Olympic Scholarships.

## TITLE II—TEACHER QUALITY

- Sec. 201. Teacher Recruiting and Preparation.

“PART C—TEACH GRANTS

- “Sec. 231. Purposes.
- “Sec. 232. Program established.
- “Sec. 233. Eligibility and applications for Grants.

“PART D—RECRUITING TEACHERS WITH MATH, SCIENCE, OR LANGUAGE  
MAJORS

- “Sec. 241. Program authorized.
- “Sec. 242. Authorization of appropriations.
- Sec. 202. Teacher Quality Enhancement Grants.
  - “Sec. 206. Accountability and evaluation.
  - “Sec. 207. Accountability for programs that prepare teachers.
  - “Sec. 208. State functions.
  - “Sec. 209. General provisions.

## TITLE III—ENHANCING COLLEGE OUTREACH

Sec. 301. Federal TRIO Program.  
 Sec. 302. GEARUP.  
 Sec. 303. Leveraging Educational Assistance Partnership.

TITLE IV—OPPORTUNITIES AT HISPANIC-SERVING COLLEGES  
 AND UNIVERSITIES

Sec. 401. Postbaccalaureate opportunities for Hispanic Americans.

“PART B—PROMOTING POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC  
 AMERICANS

“Sec. 511. Findings and purposes.  
 “Sec. 512. Program authority and eligibility.  
 “Sec. 513. Authorized activities.  
 “Sec. 514. Application and duration.  
 Sec. 402. Authorization of appropriations for Hispanic Serving Institutions.

TITLE V—HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Sec. 501. Centers of excellence.

“PART E—CENTERS OF EXCELLENCE

“Sec. 251. Purposes; definitions.  
 “Sec. 252. Centers of excellence.  
 “Sec. 253. Authorization of appropriations.  
 Sec. 502. Authorization of appropriations.

1 **SEC. 2. REFERENCES.**

2       Except as otherwise expressly provided, whenever in  
 3 this Act an amendment or repeal is expressed in terms  
 4 of an amendment to, or repeal of, a section or other provi-  
 5 sion, the reference shall be considered to be made to a  
 6 section or other provision of the Higher Education Act of  
 7 1965 (20 U.S.C. 1001 et seq.).

8 **SEC. 3. FINDINGS.**

9       The Congress finds the following:

10           (1) A college education is more important than  
 11 ever, and the Federal Government should signifi-  
 12 cantly increase its investment to make college more  
 13 affordable and accessible to all students because—

1 (A) recent shifts in the economy have in-  
2 creased the demand for college-educated work-  
3 ers and increased the wage gap between college-  
4 educated workers and those without a degree;

5 (B) jobs requiring some postsecondary  
6 education are expected to account for about 42  
7 percent of total job growth from 2000 through  
8 2010; and

9 (C) closing the college participation gap  
10 between White and minority students would re-  
11 sult in \$85 billion in increased tax revenue.

12 (2) Increased access to college and better reten-  
13 tion rates are necessary because—

14 (A) seven times as many students from  
15 high-income families graduate from college by  
16 age 24 as students from low-income families;

17 (B) forty percent of all white students ages  
18 18 through 24 are enrolled in institutions of  
19 higher education, whereas only 30 percent of all  
20 African-Americans and only 16 percent of all  
21 Hispanics are enrolled in institutions of higher  
22 education;

23 (C) nearly 4 out of every 10 Hispanics en-  
24 rolled full time in 4-year colleges drop out with-  
25 in 3 years of their initial enrollment;

1           (D) African-Americans are half as likely as  
2 white students to complete a Bachelor's degree  
3 in 4 years; and

4           (E) low-income students are half as likely  
5 as upper-income students to complete a Bach-  
6 elor's degree in 4 years.

7           (3) High loan debt and long work hours threat-  
8 en college access:

9           (A) Seventy percent of such Federal stu-  
10 dent aid was in the form of loans and less than  
11 20 percent was in the form of grants—while in  
12 1975 grants accounted for 75 percent of Fed-  
13 eral student aid funding.

14           (B) The maximum Pell grant scholarship  
15 is worth nearly \$800 less, in real terms, than  
16 the maximum award in 1975–1976.

17           (C) The typical student now graduates  
18 with \$19,000 in debt.

19           (D) Forty-six percent of all students who  
20 work in addition to being full-time students re-  
21 port 25 hours or more a week of employment.

22           (E) Half of those employed more than 25  
23 hours a week report that working hurts their  
24 grades and retention in college, and students  
25 who work more than 35 hours a week are con-

1           siderably less likely to complete a year of col-  
2           lege than those who work less than 15 hours a  
3           week.

4           (F) Low-income, college-qualified high  
5           school graduates have an annual “unmet need”  
6           of \$3,800 in college expenses, expenses not cov-  
7           ered by grants, loans, work, or family savings.

8           (4) There is a severe shortage of qualified  
9           teachers, especially in high-need fields and low-in-  
10          come areas because—

11          (A) approximately one-third of America’s  
12          teachers leave teaching sometime during their  
13          first 3 years of teaching and almost half leave  
14          during the first 5 years;

15          (B) overall turnover rate for teachers in  
16          high-poverty areas is almost 33 percent higher  
17          than it is for teachers in all schools; and

18          (C) in low-poverty secondary schools, ap-  
19          proximately one-third of students are taught by  
20          a teacher who lacks either a college degree in  
21          the subject area in which the teacher teaches or  
22          certification in such subject area, while in high-  
23          poverty secondary schools, approximately one-  
24          half of students are taught by such a teacher.

1     **TITLE I—BOOSTING COLLEGE**  
2                     **OPPORTUNITIES**

3     **SEC. 101. PELL GRANTS.**

4             (a) **MAXIMUM GRANTS.**—Section 401(b)(2)(A) (20  
5 U.S.C. 1070a(b)(2)(A)) is amended by striking clauses (i)  
6 through (v) and inserting the following:

7                     “(i) \$7,600 for academic year 2006–2007;

8                     “(ii) \$8,600 for academic year 2007–2008;

9                     “(iii) \$9,600 for academic year 2008–2009;

10                    “(iv) \$10,600 for academic year 2009–2010;

11             and

12                    “(v) \$11,600 for academic year 2010–2011.”.

13             (b) **YEAR-ROUND PELL GRANTS.**—Section 401 is  
14 further amended by adding at the end the following new  
15 subsection:

16                    “(k) **YEAR-ROUND PELL GRANTS.**—

17                             “(1) **PILOT PROGRAM ESTABLISHED.**—The Sec-  
18 retary shall establish in accordance with this sub-  
19 section a year-round Pell grant pilot program. Any  
20 institution of higher education that desires to par-  
21 ticipate in the program under this subsection shall  
22 submit an application to the Secretary at such time  
23 and containing or accompanied by such information  
24 and assurances as the Secretary may require. The

1 Secretary may select not more than 500 institutions  
2 of higher education for participation in the program.

3 “(2) PROGRAM ELEMENTS.—With respect to  
4 students who are eligible for a Pell grant under this  
5 section and who are enrolled in institutions partici-  
6 pating in the program under this subsection, the  
7 Secretary is authorized—

8 “(A) to award such students two Pell  
9 grants in one calendar year to permit such stu-  
10 dents to accelerate progress towards their de-  
11 gree or certificate objectives by enrolling in aca-  
12 demic programs for 12 rather than 9 months of  
13 the year at participating institutions; and

14 “(B) to award such two Pell grants to  
15 such students in a total amount up to 133 per-  
16 cent of the maximum Pell under subsection  
17 (b)(2)(A) that is applicable for the academic  
18 year.

19 “(3) LIMITATION.—The Secretary shall limit  
20 the awarding of additional Pell grants under this  
21 subsection in a single calendar year to students who  
22 attend bachelor’s or associate’s degree-granting in-  
23 stitutions with the following characteristics:

24 “(A) in the case of a bachelor’s degree-  
25 granting institution, the graduation rate for the



1 institution of higher education reported by the  
2 Integrated Postsecondary Education Data Sys-  
3 tem for the preceding five academic years is at  
4 least 50 percent;

5 “(B) in the case of an associate’s degree-  
6 granting institution, the completion rate for the  
7 institution of higher education reported by the  
8 Integrated Postsecondary Education Data Sys-  
9 tem for the preceding three academic years has  
10 improved by a total of at least five percent; and

11 “(C) the average time of enrollment re-  
12 quired to complete a degree at the institution—

13 “(i) among students who enter as  
14 freshman and earn bachelor’s degrees is 14  
15 or fewer quarters, or 9 or fewer semesters  
16 or the equivalent; or

17 “(ii) among students who enter as  
18 full-time freshmen and earn associate’s de-  
19 grees is 8 or fewer quarters, or 7 or fewer  
20 semesters equivalent.

21 “(4) TERMINATION; EVALUATION.—The author-  
22 ity of the Secretary under this subsection shall cease  
23 to be effective on October 1, 2011. Not later than  
24 October 1, 2010, the Secretary shall conduct an  
25 evaluation of the program under this subsection and

1 submit to the Congress a report on the results of  
2 such evaluation.”.

3 (c) **ELIMINATION OF TUITION SENSITIVITY PROVI-**  
4 **SION.**—Section 401(b) is further amended—

5 (1) by striking paragraph (3); and

6 (2) by redesignating paragraphs (4) through (8)  
7 as paragraphs (3) through (7), respectively.

8 **SEC. 102. COLLEGE AFFORDABILITY AND ACCOUNT-**  
9 **ABILITY.**

10 (a) **STATE COMMITMENT TO AFFORDABLE COLLEGE**  
11 **EDUCATION.**—Title I is amended by inserting after sec-  
12 tion 131 (20 U.S.C. 1015) the following new section:

13 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**  
14 **EDUCATION.**

15 “(a) **MAINTENANCE OF EFFORT REQUIRED.**—No  
16 State shall reduce the total amount provided by the State  
17 for public institutions of higher education in such State  
18 for any academic year beginning on or after July 1, 2005,  
19 to an amount which is less than the average amount pro-  
20 vided by such State to such institutions of higher edu-  
21 cation during the academic years between July 1, 1998,  
22 and July 1, 2003.

23 “(b) **WITHHOLDING OF ALL EDUCATION ADMINIS-**  
24 **TRATIVE FUNDS FOR VIOLATIONS.**—Notwithstanding any  
25 other provision of law, the Secretary of Education shall

1 withhold from any State that violates subsection (a) any  
2 amount that would otherwise be available to the State for  
3 administrative expenses and costs under any Federal edu-  
4 cation program until such State has corrected such viola-  
5 tion.”.

6 (b) **COST CONTAINMENT STRATEGIES.**—Title I is  
7 further amended by inserting after section 132 (as added  
8 by section 4) the following new section:

9 **“SEC. 133. COST CONTAINMENT STRATEGIES.**

10 “(a) **REQUIREMENTS.**—Each institution of higher  
11 education shall in accordance with the requirements of this  
12 section engage in, and report upon, cost containment  
13 strategies. Such strategies may include (but are not lim-  
14 ited to) the following activities:

15 “(1) bulk purchasing;

16 “(2) joint faculty appointments;

17 “(3) streamlining administration;

18 “(4) energy conservation and savings;

19 “(5) technological innovations; and

20 “(6) joint degree offerings.

21 “(b) **FIVE-YEAR PLANS.**—Within 2 years after the  
22 enactment of the Act, each institution of higher education  
23 shall submit a 5-year plan on their cost containment strat-  
24 egies and any progress made to date to the Secretary of  
25 Education.

1       “(c) RESEARCH INTO COST CONTAINMENT METH-  
2 ODS.—

3           “(1) RESEARCH AUTHORIZED.—From the  
4 funds appropriated under paragraph (2), the Sec-  
5 retary is authorized—

6           “(A) to conduct or provide for the conduct  
7 of research to identify methods of cost contain-  
8 ment currently utilized by institutions of higher  
9 education and systems of such institutions, and  
10 research into other possible methods of cost  
11 containment;

12           “(B) to disseminate—

13           “(i) the information obtained by such  
14 research to such institutions and systems;  
15 and

16           “(ii) other research that has identified  
17 successful methods of cost containment;

18           “(C) to publicly recognize institutions of  
19 higher education that are doing an effective job  
20 at cost containment; and

21           “(D) to work together with such institu-  
22 tions and systems to implement these methods.

23           “(2) AUTHORIZATION OF APPROPRIATIONS.—  
24 There are authorized to be appropriated to carry out  
25 this subsection \$1,000,000 for fiscal year 2006 and

1 such sums as may be necessary for each of the 5  
2 succeeding fiscal years.

3 “(d) CONSUMER INFORMATION.—

4 “(1) ANNUAL REPORT REQUIRED.—

5 “(A) CONTENTS OF REPORT.—The Sec-  
6 retary shall annually prepare and publish a re-  
7 port on college affordability in America. The  
8 college affordability report shall provide, at a  
9 minimum, comprehensive information on—

10 “(i) the sticker price, total price of at-  
11 tendance, net tuition price, and net access  
12 price for every institution of higher edu-  
13 cation that participates in the Federal stu-  
14 dent aid programs under title IV of this  
15 Act;

16 “(ii) the percentage change in the list-  
17 ed sticker price, total price of attendance,  
18 net tuition price, and net access price over  
19 a 3-, 5-, and 10-year time period for each  
20 such institution; and

21 “(iii) the level of Federal and State  
22 support for higher education per capita  
23 and per pupil.

24 “(B) ADVISORY GROUP.—To ensure that  
25 the annual college affordability in America re-

1 port provides consumer-friendly information,  
2 the Secretary shall convene an advisory group  
3 of students, parents, and college officials to  
4 help determine the information that shall be in-  
5 cluded in the report.

6 “(2) DATA DISSEMINATION.—The Secretary  
7 shall make publicly available the data collected pur-  
8 suant to this section, including an institution’s net  
9 price tuition index as calculated in accordance with  
10 subsection (e). Such data shall be made available in  
11 a manner that permits the review and comparison of  
12 data submissions of individual institutions of higher  
13 education. Such data shall be presented in a form  
14 that is easily accessible and understandable and al-  
15 lows parents and students to make informed deci-  
16 sions based on the average prices for full-time un-  
17 dergraduate students and the institution’s rate of in-  
18 crease in the sticker price, total price of attendance,  
19 net tuition price, and net access price.

20 “(3) WEBSITE ENHANCEMENT.—

21 “(A) WEBSITE INFORMATION.—In order to  
22 further enhance public knowledge and under-  
23 standing of college affordability, the Secretary  
24 shall modify the college opportunities on line  
25 (COOL) web site. The goal of such changes

1 shall be to make the website the single best  
2 source of information about applying to and  
3 paying for a postsecondary education. Such  
4 changes shall make the website more user  
5 friendly and facilitate the comparison of mul-  
6 tiple institutions at the same time. Such website  
7 shall provide detailed tuition and student aid  
8 data for each institution (including data from  
9 the annual college affordability in America re-  
10 port). As part of improving the website, the  
11 Secretary shall establish an advisory board of  
12 students and parents to guide the redesign. The  
13 college price calculator required by paragraph  
14 (4) shall be included on the COOL website.

15 “(B) AVAILABILITY IN OTHER FORM.—In  
16 addition, the Secretary shall publish all of the  
17 institutional information found on the COOL  
18 website, minus the college price calculator, and  
19 instruct all local educational agencies to notify  
20 all their secondary schools of the publication of  
21 the COOL web site, both on-line and in-print,  
22 and of the steps necessary to procure such in-  
23 formation both on-line and in-print.

24 “(4) COLLEGE PRICE CALCULATOR.—

1           “(A) ESTABLISHMENT.—The Secretary  
2 shall establish a system for reporting to pro-  
3 spective students and families on the net tuition  
4 price of institutions of higher education. Using  
5 the most recent data available, the Secretary  
6 shall make available the amount of aid typically  
7 granted for students based on family income  
8 and college attended. Such information shall be  
9 made available in the form of a web site price  
10 calculator that permits students to be able to  
11 enter an institution of higher education and  
12 their family income and be presented the sticker  
13 price, net tuition price, and net access price for  
14 students in their income bracket in order to de-  
15 termine the approximate cost of attending such  
16 a school. The calculator shall include a clear  
17 disclaimer that financial aid decisions are made  
18 on a case-by-case basis and that the included  
19 calculations are based on previous years’ data  
20 and can therefore serve only as general guide-  
21 lines for the financial aid that a student may  
22 expect to receive.

23           “(B) INFORMATION DISTRIBUTION BY IN-  
24 STITUTIONS.—Each institution of higher edu-  
25 cation shall make available its sticker price,



1 total price of attendance, net tuition price, and  
2 net access price and list examples of what fami-  
3 lies in each of the quartile income brackets  
4 might be expected to pay in the net tuition  
5 price for the most recent academic year. This  
6 information shall be provided in written form  
7 and distributed to all students and applicants  
8 and made widely available to the public.

9 “(e) NET TUITION PRICE INDEX.—

10 “(1) IN GENERAL.—The Secretary shall, on the  
11 basis of the data submitted under subsection (a),  
12 calculate a net tuition price index for each institu-  
13 tion of higher education submitting such data and  
14 shall make the index available in accordance with  
15 subsection (b) as soon as operationally possible on  
16 the Department’s college opportunity on line  
17 (COOL) website.

18 “(2) CALCULATION OF INDEX.—The net tuition  
19 price index shall be equal to the percentage increase  
20 in the net tuition price charged for a first-time, full-  
21 time, full-year undergraduate student between a pre-  
22 ceding academic year and the most recent academic  
23 year for which satisfactory data are available.

24 “(f) DEFINITIONS.—For the purposes of this section:

1           “(1) NET ACCESS PRICE.—The term ‘net access  
2 price’ means the average total price of attendance  
3 for full-time undergraduate students, minus the av-  
4 erage grants, loans, and work-study provided to such  
5 students, for any academic year.

6           “(2) NET TUITION PRICE.—The term ‘net tui-  
7 tion price’ means the average tuition and fees  
8 charged to full-time undergraduate students, minus  
9 the average grants provided to such students, for  
10 any academic year.

11           “(3) STICKER PRICE.—The term ‘sticker price’  
12 means the average tuition and fees charged to full-  
13 time undergraduate students by an institution of  
14 higher education for any academic year.

15           “(4) TOTAL PRICE OF ATTENDANCE.—The  
16 term ‘total price of attendance’ means the average  
17 tuition and fees charged to full-time undergraduate  
18 students, as well as the average of the other ex-  
19 penses of such students related to obtaining a higher  
20 education, including housing (room and board if the  
21 student lives on campus, or rent or related housing  
22 costs if the student does not live on campus), books,  
23 transportation, for any academic year.

24           “(5) TUITION.—The term ‘tuition’ means the  
25 average price of or payment for actual instruction of

1 full-time undergraduate students at an institution of  
2 higher education, for any academic year.”.

3 (c) PELL PLUS.—Subpart 1 of part A of title IV is  
4 amended by inserting after section 401 (20 U.S.C. 1070a)  
5 the following new section:

6 **“SEC. 401A. INCENTIVES AND REWARDS: PELL PLUS.**

7 “(a) REWARDS FOR LOW TUITION.—For any institu-  
8 tion of higher education that, for academic year 2005–  
9 2006 or any succeeding academic year, such institution’s  
10 annual net tuition price increase (expressed as a percent-  
11 age) for the most recent academic year for which satisfac-  
12 tory data is available is equal to or less than the percent-  
13 age change in the higher education price index for such  
14 academic year, the Secretary shall, notwithstanding any  
15 other provision of the law, provide such institution an  
16 amount sufficient to provide a 25 percent increase under  
17 subpart 1 of part A of title IV to each Pell Grant recipient  
18 attending such institution for the next award year begin-  
19 ning after the date of such determination. Each such insti-  
20 tution shall distribute any amounts received under this  
21 subsection among such Pell Grant recipients by increasing  
22 the amount of their Pell Grant awards by 25 percent.

23 “(b) REWARDS FOR GUARANTEED TUITION.—

24 “(1) BONUS.—For each institution of higher  
25 education that the Secretary of Education deter-

1 mines complies with the requirements of paragraph  
2 (2) or paragraph (3) of this subsection, the Sec-  
3 retary shall, notwithstanding any other provision of  
4 the law, provide such institution an amount suffi-  
5 cient to provide a 10 percent increase under subpart  
6 1 of part A of title IV to each Pell Grant recipient  
7 attending such institution for the next award year  
8 beginning after the date of such determination. Each  
9 such institution shall distribute any amounts re-  
10 ceived under this subsection among such Pell Grant  
11 recipients by increasing the amount of their Pell  
12 Grant awards by 10 percent.

13 “(2) 4-YEAR INSTITUTIONS.—An institution of  
14 higher education that provides a program of instruc-  
15 tion for which it awards a bachelor’s degree complies  
16 with the requirements of this paragraph if such in-  
17 stitution guarantees that for any academic year be-  
18 ginning on or after July 1, 2005, and for each of the  
19 5 succeeding continuous academic years, the net tui-  
20 tion price charged to an undergraduate student will  
21 not exceed—

22 “(A) the amount that the student was  
23 charged for an academic year at the time he or  
24 she first enrolled in the institution of higher  
25 education, plus

1           “(B) the product of the percentage in-  
2           crease in the higher education price index for  
3           the prior academic year, or the most recent  
4           prior academic year for which data is available,  
5           multiplied by the amount determined under  
6           subparagraph (A).

7           “(3) LESS THAN 4-YEAR INSTITUTIONS.—An  
8           institution of higher education that does not provide  
9           a program of instruction for which it awards a bach-  
10          elor’s degree complies with the requirements of this  
11          paragraph if such institution guarantees that for  
12          any academic year (or the equivalent) beginning on  
13          or after July 1, 2005, and for each of the 1.5 suc-  
14          ceeding continuous academic years, the net tuition  
15          price charged to an undergraduate student will not  
16          exceed—

17                 “(A) the amount that the student was  
18                 charged for an academic year at the time he or  
19                 she first enrolled in the institution of higher  
20                 education, plus

21                 “(B) the product of the percentage in-  
22                 crease in the higher education price index for  
23                 the prior academic year, or the most recent  
24                 prior academic year for which data is available,

1 multiplied by the amount determined under  
2 subparagraph (A).

3 “(c) MAINTAINING AFFORDABLE TUITION.—For any  
4 institution of higher education whose increase in the an-  
5 nual net tuition price (expressed as a percentage), for the  
6 most recent academic year for which satisfactory data is  
7 available, is greater than the percentage increase in the  
8 higher education price index for such academic year, the  
9 Secretary shall require such institution to submit to the  
10 Secretary the following information, within 6 months of  
11 such determination:

12 “(1) a detailed report on the exact causes for  
13 the net tuition price increase that outlines revenues  
14 and expenditures; and

15 “(2) cost containment strategies to lower net  
16 tuition prices.

17 “(d) DEFINITIONS.—

18 “(1) NET TUITION PRICE.—The term ‘net tui-  
19 tion price’ has the same meaning as provided in sec-  
20 tion 133(f).

21 “(2) HIGHER EDUCATION PRICE INDEX.—The  
22 term ‘higher education price index’ means a statis-  
23 tical measure of change over time in the prices of a  
24 fixed market basket of goods and services purchased  
25 by colleges and universities through current fund

1 educational and general expenditures (excluding ex-  
2 penditures for research), as developed by the Bureau  
3 of Labor Statistics pursuant to section 131(c)(4).”.

4 (d) **ARTICULATION AGREEMENT DEMONSTRATION**  
5 **PROGRAM.**—Part G of title IV is amended by inserting  
6 after section 486 (20 U.S.C. 1093) the following new sec-  
7 tion:

8 **“SEC. 486A. ARTICULATION AGREEMENT DEMONSTRATION**  
9 **PROGRAM.**

10 “(a) **PURPOSE; DEFINITION.**—

11 “(1) **PURPOSE.**—It is the purpose of this sec-  
12 tion to allow demonstration programs that are mon-  
13 itored by the Department of Education to encourage  
14 institutions of higher education to enter into articu-  
15 lation agreements or consortia groups, as a means to  
16 lower tuition prices to students.

17 “(2) **DEFINITION.**—For the purposes of this  
18 section, the term ‘articulation agreement’ means an  
19 agreement between institutions of higher education  
20 that specifies the acceptability of courses in transfer  
21 toward meeting specific degree requirements.

22 “(b) **DEMONSTRATION PROGRAMS AUTHORIZED.**—

23 “(1) **IN GENERAL.**—The Secretary is authorized  
24 to select institutions of higher education, systems of  
25 such institutions, or consortia of such institutions

1 for voluntary participation in an articulation agree-  
2 ment demonstration program.

3 “(2) ELIGIBLE APPLICANTS.—

4 “(A) ELIGIBLE INSTITUTIONS.—Except as  
5 provided in subparagraphs (B), (C), and (D),  
6 only an institution of higher education that is  
7 eligible to participate in programs under this  
8 title shall be eligible to participate in the articu-  
9 lation program authorized under this section.

10 “(B) PROHIBITION.—An institution of  
11 higher education described in section  
12 102(a)(1)(C) shall not be eligible to participate  
13 in the articulation program authorized under  
14 this section.

15 “(C) SPECIAL RULE.—Subject to subpara-  
16 graph (B), an institution of higher education  
17 that meets the requirements of subsection (a) of  
18 section 102, other than the requirement of  
19 paragraph (3)(A) or (3)(B) of such subsection,  
20 and that provides a 2-year or 4-year program of  
21 instruction for which the institution awards an  
22 associate or baccalaureate degree, shall be eligi-  
23 ble to participate in the demonstration program  
24 authorized under this section.

25 “(c) APPLICATION.—



1           “(1) IN GENERAL.—Each institution, system,  
2           or consortium of institutions desiring to participate  
3           in a demonstration program under this section shall  
4           submit an application to the Secretary at such time  
5           and in such manner as the Secretary may require.

6           “(2) CONTENTS.—Each application shall in-  
7           clude—

8                   “(A) a description of the institution, sys-  
9                   tem, or consortium’s consultation with a recog-  
10                   nized accrediting agency or association with re-  
11                   spect to quality assurances for the articulation  
12                   programs to be offered;

13                   “(B) a description of the articulation pro-  
14                   gram to be offered;

15                   “(C) a description of the students to whom  
16                   the articulation programs will be offered;

17                   “(D) an assurance that the institution,  
18                   system, or consortium will offer full cooperation  
19                   with the ongoing evaluations of the demonstra-  
20                   tion program provided for in this section; and

21                   “(E) such other information as the Sec-  
22                   retary may require.

23           “(d) SELECTION.—

24                   “(1) IN GENERAL.—For the first year of the  
25                   demonstration program authorized under this sec-

1       tion, the Secretary is authorized to select for partici-  
2       pation in the program not more than 100 institu-  
3       tions, systems of institutions, or consortia of institu-  
4       tions. For the third year of the demonstration pro-  
5       gram authorized under this section, the Secretary  
6       may select not more than 250 institutions, systems,  
7       or consortia, in addition to the institutions, systems,  
8       or consortia selected pursuant to the preceding sen-  
9       tence, to participate in the demonstration program if  
10      the Secretary determines that such expansion is war-  
11      ranted based on the evaluations conducted in accord-  
12      ance with subsections (f) and (g).

13           “(2) CONSIDERATIONS.—In selecting institu-  
14      tions to participate in the articulation program in  
15      the first or succeeding years of the program, the  
16      Secretary shall take into account—

17                   “(A) the number and quality of applica-  
18      tions received;

19                   “(B) the Department’s capacity to oversee  
20      and monitor each institution’s participation;

21                   “(C) an applicant’s—

22                           “(i) financial responsibility;

23                           “(ii) administrative capability; and

1           “(D) the need to ensure the participation  
2           of a diverse group of institutions with respect to  
3           size, mission, and geographic distribution.

4           “(3) PRIORITY.—In selecting institutions to  
5           participate in the articulation program in the first or  
6           succeeding years of the program, the Secretary shall  
7           give priority to applicants that involve a large num-  
8           ber of schools; public and private agreements; inno-  
9           vative technology to help reduce costs; and, multi-  
10          state projects.

11          “(4) NOTIFICATION.—The Secretary shall make  
12          available to the public and to the Committee on  
13          Health, Education, Labor, and Pensions of the Sen-  
14          ate and the Committee on Education and the Work-  
15          force of the House of Representatives a list of insti-  
16          tutions, systems or consortia selected to participate  
17          in the articulation program authorized by this sec-  
18          tion.

19          “(e) EVALUATIONS AND REPORTS.—

20          “(1) EVALUATION.—The Secretary shall evalu-  
21          ate the demonstration programs authorized under  
22          this section on an annual basis. Such evaluations  
23          specifically shall review—

1           “(A) the extent to which the institution,  
2 system or consortium has met the goals set  
3 forth in its application to the Secretary;

4           “(B) the number and types of institutions  
5 participating in the programs offered;

6           “(C) the cost containment strategies pur-  
7 sued and the success of such strategies; and

8           “(D) the effective use of technologies to  
9 keep college prices low, while maintaining qual-  
10 ity.

11           “(2) REPORTS.—

12           “(A) IN GENERAL.—Within 18 months of  
13 the initiation of the demonstration program, the  
14 Secretary shall report to the Committee on  
15 Health, Education, Labor, and Pensions of the  
16 Senate and the Committee on Education and  
17 the Workforce of the House of Representatives  
18 with respect to the evaluations of the dem-  
19 onstration programs authorized under this sec-  
20 tion.

21           “(B) ADDITIONAL REPORTS.—The Sec-  
22 retary shall provide additional reports to the  
23 Committee on Health, Education, Labor, and  
24 Pensions of the Senate and the Committee on

1 Education and the Workforce of the House of  
2 Representatives on an annual basis regarding—

3 “(i) the demonstration programs au-  
4 thorized under this section; and

5 “(ii) best practices to contain college  
6 costs.”.

7 (e) ADVISORY COMMITTEE ON STUDENT FINANCIAL  
8 ASSISTANCE.—Section 491(j) (20 U.S.C. 1098(j)) is  
9 amended

10 (1) by striking “and” at the end of paragraph  
11 (4);

12 (2) by striking the period at the end of para-  
13 graph (5) and inserting “; and”; and

14 (3) by adding at the end the following new  
15 paragraph:

16 “(6) convene a task force of experts, to be rep-  
17 resentative of the key constituents in higher edu-  
18 cation—

19 “(A) to determine the best methods to fi-  
20 nance higher education in the long-term;

21 “(B) to help public institutions utilize  
22 long-term budgeting to plan for the future;

23 “(C) to review the trends of financing of  
24 higher education;

1           “(D) to define the role played by the  
2           States, the Federal Government, families, and  
3           outside entities in financing higher education,  
4           and determine the best methods to strengthen  
5           this partnership.”.

6 **SEC. 103. ELIMINATION OF LOAN FEES TO BORROWERS.**

7           (a) FEDERAL FAMILY EDUCATION LOAN PRO-  
8           GRAM.—Section 438(c) of the Higher Education Act of  
9           1965 (20 U.S.C. 1087–1(c)) is amended by adding at the  
10          end the following new paragraph:

11           “(9) ORIGINATION FEES TERMINATED.—Not-  
12          withstanding any other provision of this subsection,  
13          with respect to any loan made, insured, or guaran-  
14          teed under this part on or after the first July 1 after  
15          the date of enactment of the College Opportunity for  
16          All Act—

17           “(A) no eligible lender may collect directly  
18          or indirectly from any borrower any origination  
19          fee with respect to such loan, or any other fee  
20          relating to the origination of a loan however de-  
21          scribed; and

22           “(B) the Secretary shall not collect any  
23          origination fee from the lender under this sub-  
24          section.”.

25          (b) FEDERAL DIRECT LOAN PROGRAM.—



1 ceeds the sum of 3.3 percent and the average of the  
2 bond equivalent rates of the 91-day Treasury bills  
3 auctioned for the previous calendar quarter.”.

4 (2) PARALLEL TERMS FOR FEDERAL DIRECT  
5 CONSOLIDATION LOANS.—Section 455(a) of the  
6 Higher Education Act of 1965 (20 U.S.C. 1087e(a))  
7 is amended—

8 (A) in paragraph (1), by inserting “428C,”  
9 after “428B,”; and

10 (B) in paragraph (2)—

11 (i) by striking “and” at the end of  
12 subparagraph (B);

13 (ii) by redesignating subparagraph  
14 (C) as subparagraph (D); and

15 (iii) by inserting after subparagraph  
16 (B) the following:

17 “(C) section 428C shall be know as ‘Fed-  
18 eral Direct Consolidation Loans’.”.

19 (b) CONSOLIDATION LOAN INTEREST RATES.—

20 (1) FFEL LOANS.—Paragraph (3) of section  
21 427A(l) (20 U.S.C. 1077a(l)) is amended to read as  
22 follows:

23 “(3) CONSOLIDATION LOANS.—

24 “(A) BORROWER ELECTION.—With respect  
25 to any consolidation loan under section 428C



1 for which the application is received by an eligi-  
2 ble lender on or after July 1, 2006 (including  
3 an application for a subsequent consolidation  
4 loan under section 428C(a)(3)(B)(ii)), the ap-  
5 plicable rate of interest shall, at the election of  
6 the borrower at the time of application for the  
7 loan, be either at the rate determined under  
8 subparagraph (B) or the rate determined under  
9 subparagraph (C).

10 “(B) VARIABLE RATE.—Except as pro-  
11 vided in subparagraph (D), the rate determined  
12 under this subparagraph shall, during any 12-  
13 month period beginning on July 1 and ending  
14 on June 30, be determined on the preceding  
15 June 1 and be equal, for such 12-month period,  
16 to—

17 “(i) the bond equivalent rate of 91-  
18 day Treasury bills auctioned at the final  
19 auction held prior to such June 1; plus

20 “(ii) 2.3 percent,  
21 except that such rate shall not exceed 6.8 per-  
22 cent.

23 “(C) FIXED RATE.—Except as provided in  
24 subparagraph (D), the rate determined under  
25 this subparagraph shall be determined on the

1 date on which the obligation to repay the loan  
2 is signed, and be equal, for the duration of the  
3 term of the loan, to the lesser of—

4 “(i) the weighted average of the inter-  
5 est rates on the loans consolidated, round-  
6 ed to the nearest higher one-eighth of 1  
7 percent; or

8 “(ii) 6.8 percent.

9 “(D) CONSOLIDATION OF PLUS LOANS.—

10 In the case of any such consolidation loan that  
11 is used to repay loans each of which was made  
12 under section 428B or was a Federal Direct  
13 PLUS Loan (or both), the rates determined  
14 under subparagraphs (B) and (C) shall be de-  
15 termined—

16 “(i) by substituting ‘3.1 percent’ for  
17 ‘2.3 percent’; and

18 “(ii) by substituting ‘7.9 percent’ for  
19 ‘6.8 percent’.”.

20 (2) DIRECT LOANS.—Subparagraph (C) of sec-  
21 tion 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended  
22 to read as follows:

23 “(C) CONSOLIDATION LOANS.—

24 “(i) BORROWER ELECTION.—With re-  
25 spect to any consolidation loan under sec-

1           tion 428C for which the application is re-  
2           ceived by an eligible lender on or after July  
3           1, 2006 (including an application for a  
4           subsequent consolidation loan under sec-  
5           tion 428C(a)(3)(B)(ii)), the applicable rate  
6           of interest shall, at the election of the bor-  
7           rower at the time of application for the  
8           loan, be either at the rate determined  
9           under clause (ii) or the rate determined  
10          under clause (iii).

11           “(ii) VARIABLE RATE.—Except as  
12          provided in clause (iv), the rate determined  
13          under this subparagraph shall, during any  
14          12-month period beginning on July 1 and  
15          ending on June 30, be determined on the  
16          preceding June 1 and be equal, for such  
17          12-month period, to—

18                   “(I) the bond equivalent rate of  
19                   91-day Treasury bills auctioned at the  
20                   final auction held prior to such June  
21                   1; plus

22                   “(II) 2.3 percent,  
23          except that such rate shall not exceed 6.8  
24          percent.

1           “(iii) FIXED RATE.—Except as pro-  
2           vided in clause (iv), the rate determined  
3           under this subparagraph shall be deter-  
4           mined on the date on which the obligation  
5           to repay the loan is signed, and be equal,  
6           for the duration of the term of the loan, to  
7           the lesser of—

8                     “(I) the weighted average of the  
9                     interest rates on the loans consoli-  
10                    dated, rounded to the nearest higher  
11                    one-eighth of 1 percent; or

12                   “(II) 6.8 percent.

13           “(iv) CONSOLIDATION OF PLUS  
14           LOANS.—In the case of any such Federal  
15           Direct Consolidation Loan that is used to  
16           repay loans each of which was made under  
17           section 428B or was a Federal Direct  
18           PLUS Loan, the rates determined under  
19           clauses (ii) and (iii) shall be determined—

20                   “(I) by substituting ‘3.1 percent’  
21                   for ‘2.3 percent’ in clause (ii)(II); and

22                   “(II) by substituting ‘7.9 per-  
23                   cent’ for ‘6.8 percent’ each place it  
24                   appears.”.

1 **SEC. 105. PROVIDING LOW COST LOANS.**

2 (a) FFEL INTEREST RATES.—Section 427A(l) (20  
3 U.S.C. 1077a(l)) is further amended—

4 (1) by redesignating paragraph (3) (as amend-  
5 ed by section 104(b)(1)) as paragraph (4); and

6 (2) by striking paragraphs (1) and (2) and in-  
7 serting the following:

8 “(1) IN GENERAL.—Notwithstanding subsection  
9 (h), but subject to paragraph (2) of this subsection,  
10 with respect to any loan made, insured, or guaran-  
11 teed under this part (other than a loan made pursu-  
12 ant to section 428B or 428C) for which the first dis-  
13 bursement is made on or after July 1, 2006, the ap-  
14 plicable rate of interest shall, during any 12-month  
15 period beginning on July 1 and ending on June 30,  
16 be determined on the preceding June 1 and be equal  
17 to—

18 “(A) the bond equivalent rate of 91-day  
19 Treasury bills auctioned at the final auction  
20 held prior to such June 1; plus

21 “(B) 2.3 percent,  
22 except that such rate shall not exceed 6.8 percent.

23 “(2) IN SCHOOL AND GRACE PERIOD RULES.—  
24 Notwithstanding subsection (h), with respect to any  
25 loan under this part (other than a loan made pursu-  
26 ant to section 428B or 428C) for which the first dis-

1       bursement is made on or after July 1, 2006, the ap-  
2       plicable rate of interest for interest which accrues—

3               “(A) prior to the beginning of the repay-  
4       ment period of the loan; or

5               “(B) during the period in which principal  
6       need not be paid (whether or not such principal  
7       is in fact paid) by reason of a provision de-  
8       scribed in section 427(a)(2)(C) or  
9       428(b)(1)(M),

10       shall be determined under paragraph (1) by sub-  
11       stituting ‘1.7 percent’ for ‘2.3 percent’.

12               “(3) PLUS LOANS.—Notwithstanding subsection  
13       (h), with respect to any loan under section 428B for  
14       which the first disbursement is made on or after  
15       July 1, 2006, the applicable rate of interest shall be  
16       determined under paragraph (1)—

17               “(A) by substituting ‘3.1 percent’ for ‘2.3  
18       percent’; and

19               “(B) by substituting ‘7.9 percent’ for ‘6.8  
20       percent’.”.

21       (b) DIRECT LOANS.—Section 455(b)(7) (20 U.S.C.  
22 1087e(b)(7)) is further amended—

23               (1) by redesignating subparagraph (C) (as  
24       amended by section 104(b)(2)) as subparagraph (D);  
25       and

1           (2) by striking subparagraph (A) and (B) and  
2 inserting the following:

3           “(A) RATES FOR FDSL AND FDUSL.—Not-  
4 withstanding the preceding paragraphs of this  
5 subsection, for Federal Direct Stafford Loans  
6 and Federal Direct Unsubsidized Stafford  
7 Loans for which the first disbursement is made  
8 on or after July 1, 2006, the applicable rate of  
9 interest shall, during any 12-month period be-  
10 ginning on July 1 and ending on June 30, be  
11 determined on the preceding June 1 and be  
12 equal to—

13                   “(i) the bond equivalent rate of 91-  
14 day Treasury bills auctioned at the final  
15 auction held prior to such June 1; plus

16                   “(ii) 2.3 percent,  
17 except that such rate shall not exceed 6.8 per-  
18 cent.

19           “(B) IN SCHOOL AND GRACE PERIOD  
20 RULES.—Notwithstanding the preceding para-  
21 graphs of this subsection, with respect to any  
22 Federal Direct Stafford Loan or Federal Direct  
23 Unsubsidized Stafford Loan for which the first  
24 disbursement is made on or after July 1, 2006,

1 the applicable rate of interest for interest which  
2 accrues—

3 “(i) prior to the beginning of the re-  
4 payment period of the loan; or

5 “(ii) during the period in which prin-  
6 cipal need not be paid (whether or not  
7 such principal is in fact paid) by reason of  
8 a provision described in section  
9 428(b)(1)(M) or 427(a)(2)(C),

10 shall be determined under subparagraph (A) by  
11 substituting ‘1.7 percent’ for ‘2.3 percent’.

12 “(C) PLUS LOANS.—Notwithstanding the  
13 preceding paragraphs of this subsection, with  
14 respect to Federal Direct PLUS Loan for which  
15 the first disbursement is made on or after Octo-  
16 ber 1, 1998, and before July 1, 2006, the appli-  
17 cable rate of interest shall be determined under  
18 subparagraph (A)—

19 “(i) by substituting ‘3.1 percent’ for  
20 ‘2.3 percent’; and

21 “(ii) by substituting ‘7.9 percent’ for  
22 ‘6.8 percent.’”.



1 **SEC. 106. RECAPTURE OF EXCESS INTEREST.**

2 (a) AMENDMENT.—Subparagraph (I) of section  
3 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended by insert-  
4 ing after clause (vii) the following new clause:

5 “(viii) RECAPTURE OF EXCESS INTER-  
6 EST.—

7 “(I) EXCESS CREDITED.—With  
8 respect to a loan on which the applica-  
9 ble interest rate is determined under  
10 subsection (l) of section 427A and for  
11 which the first disbursement of prin-  
12 cipal is made on or after July 1,  
13 2006, if the applicable interest rate  
14 for any 3-month period exceeds the  
15 special allowance rate applicable to  
16 such loan under this subparagraph for  
17 such period, then an adjustment shall  
18 be made by calculating the excess in-  
19 terest in the amount computed under  
20 subclause (II) of this clause, and by  
21 crediting the excess interest to the  
22 Government not less often than annu-  
23 ally.

24 “(II) CALCULATION OF EX-  
25 CESS.—The amount of any adjust-  
26 ment of interest on a loan to be made

1 under this subsection for any quarter  
2 shall be equal to—

3 “(aa) the applicable interest  
4 rate minus the special allowance  
5 rate determined under this sub-  
6 paragraph; multiplied by

7 “(bb) the average daily prin-  
8 cipal balance of the loan (not in-  
9 cluding unearned interest added  
10 to principal) during such cal-  
11 endar quarter; divided by

12 “(cc) four.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall not apply with respect to any special al-  
15 lowance payment made under section 438 of the Higher  
16 Education Act of 1965 (20 U.S.C 1087–1) before July  
17 1, 2006.

18 **SEC. 107. TERMINATION OF EXCESSIVE ALLOWANCES.**

19 (a) AMENDMENT.—Section 438(b)(2)(B) of the  
20 Higher Education Act of 1965 (20 U.S.C. 1087–  
21 1(b)(2)(B)) is amended by striking clause (v) and insert-  
22 ing the following:

23 “(v) This subparagraph shall not  
24 apply to—

1 “(I) any loan made or purchased  
2 after the date of enactment of the  
3 College Opportunity for All Act;

4 “(II) any loan that had not quali-  
5 fied before such date of enactment for  
6 receipt of a special allowance payment  
7 determined under this subparagraph;  
8 or

9 “(III) any loan made or pur-  
10 chased before such date of enactment  
11 with funds described in the first or  
12 second sentence of clause (i) if—

13 “(aa) the obligation de-  
14 scribed in the first such sentence  
15 has, after such date of enact-  
16 ment, matured, or been retired or  
17 defeased; or

18 “(bb) the maturity date or  
19 the date of retirement of the obli-  
20 gation described in the first such  
21 sentence has, after such date of  
22 enactment, been extended.”.

23 (b) CONTINUING AUDITS OF PRIOR CLAIMS.—The  
24 Inspector General of the Department of Education shall  
25 conduct an audit of each holder of student loans who, at

1 any time after September 30, 1993, submitted claims for  
2 special allowance payments under subparagraph (B) of  
3 section 438(b)(2) of the Higher Education Act of 1965  
4 (20 U.S.C. 1087–1(b)(2)(B)), with respect to the claims  
5 made pursuant to such subparagraph. In conducting such  
6 audit, the Inspector General shall use the methodology  
7 used in preparing the audit report on special allowance  
8 payments issued in May 2005 (ED–OIG/A05E0017).

9 **SEC. 108. PUBLIC SERVICE SCHOLARSHIPS.**

10 Section 428K (20 U.S.C. 1078–11) is amended to  
11 read as follows:

12 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**  
13 **PLOYEES.**

14 “(a) PURPOSES.—The purposes of this section are—

15 “(1) to reduce the burden of student debt, par-  
16 ticularly for Americans who dedicate their careers to  
17 meeting certain urgent national needs; and

18 “(2) to attract more excellent individuals into  
19 important public service careers.

20 “(b) LOAN FORGIVENESS.—

21 “(1) IN GENERAL.—The Secretary shall assume  
22 the obligation to repay, pursuant to subsection (c),  
23 a loan made under section 428 or 428H, a Federal  
24 Direct Stafford Loan or Federal Direct Unsub-  
25 sidized Stafford Loan, a Federal Direct Consolida-

1 tion Loan, or a Federal Perkins Loan for any new  
2 borrower after the date of enactment of the Higher  
3 Education Amendments of 1998, who—

4 “(A) is employed full time in a qualified  
5 public service position described in paragraph  
6 (2); and

7 “(B) is not in default on a loan for which  
8 the borrower seeks forgiveness.

9 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—

10 For purposes of this section, an individual shall be  
11 treated as employed in a qualified public service po-  
12 sition if the individual is any of the following:

13 “(A) HIGHLY QUALIFIED TEACHERS IN  
14 LOW-INCOME COMMUNITIES AND OF MATHE-  
15 MATICS, SCIENCE, AND BILINGUAL AND SPE-  
16 CIAL EDUCATION.—An individual who—

17 “(i)(I) is a public school teacher who  
18 is highly qualified as such term is defined  
19 in section 9101 of the Elementary and  
20 Secondary Education Act of 1965; or

21 “(II) is a teacher who has obtained  
22 employment in a nonprofit private elemen-  
23 tary or secondary school who holds at least  
24 a bachelors degree and—

1                   “(aa) has demonstrated subject  
2                   knowledge and teaching skills in read-  
3                   ing, writing, mathematics, and other  
4                   areas of the basic elementary school  
5                   curriculum if such teacher is an ele-  
6                   mentary teacher; and

7                   “(bb) has demonstrated a high  
8                   level of competency in each of the aca-  
9                   demic subjects in which the teacher  
10                  teaches if such teacher is a secondary  
11                  school teacher; and

12                  “(ii)(I) has obtained employment as a  
13                  teacher for service in a public or nonprofit  
14                  private elementary or secondary school  
15                  which is in the school district of a local  
16                  educational agency which is eligible in such  
17                  year for assistance pursuant to title I of  
18                  the Elementary and Secondary Education  
19                  Act of 1965, and which for the purpose of  
20                  this paragraph and for that year has been  
21                  determined by the Secretary (pursuant to  
22                  regulations and after consultation with the  
23                  State educational agency of the State in  
24                  which the school is located) to be a school  
25                  in which the enrollment of children counted

1 under section 1113(a)(5) of the Elemen-  
2 tary and Secondary Education Act of 1965  
3 exceeds 40 percent of the total enrollment  
4 of that school; or

5 “(II) has obtained employment as a  
6 full-time teacher of mathematics, science,  
7 or bilingual or special education.

8 “(B) EARLY CHILDHOOD EDUCATORS.—An  
9 individual who—

10 “(i) has received a degree in early  
11 childhood education; and

12 “(ii) has obtained employment in a  
13 child care facility, such as employment as  
14 a preschool teacher, in a low-income com-  
15 munity.

16 “(C) NURSES.—An individual who has ob-  
17 tained employment—

18 “(i) in a clinical setting; or

19 “(ii) as a member of the nursing fac-  
20 ulty at an accredited school of nursing (as  
21 those terms are defined in section 801 of  
22 the Public Health Service Act (42 U.S.C.  
23 296)).

24 “(D) CHILD WELFARE WORKERS.—An in-  
25 dividual who—

1           “(i) has completed a degree in social  
2 work or related field with a focus on serv-  
3 ing children and families (as determined in  
4 accordance with regulations prescribed by  
5 the Secretary); and

6           “(ii) has obtained employment in pub-  
7 lic or private child welfare services.

8           “(E) NUTRITION PROFESSIONALS.—An in-  
9 dividual who—

10           “(i) is a certified registered dietician  
11 who has completed a degree in a relevant  
12 field; and

13           “(ii) has obtained employment in a  
14 local agency of the special supplemental  
15 nutrition program for women, infants, and  
16 children under section 17 of the Child Nu-  
17 trition Act of 1966 (42 U.S.C. 1786).

18           “(F) INFANT AND TODDLER SPECIAL-  
19 ISTS.—An individual who—

20           “(i) has obtained an associate’s or  
21 bachelor’s degree in a discipline that would  
22 qualify the individual to work in the pro-  
23 gram under part C of the Individuals with  
24 Disabilities Education Act in the State in  
25 which such individual resides; and



1           “(ii) has obtained employment in an  
2           occupation that is directly related to such  
3           degree and that (I) provides services to in-  
4           fants, toddlers, and their families under an  
5           individualized family service plan under  
6           section 636 of the Individuals with Disabil-  
7           ities Education Act (20 U.S.C. 1436) or  
8           an individualized education plan under sec-  
9           tion 614(d) of such Act (20 U.S.C.  
10          1414(d)); or (II) provides training or tech-  
11          nical assistance to providers of such serv-  
12          ices.

13          “(G) READING SPECIALISTS.—An indi-  
14          vidual who is employed as an elementary or sec-  
15          ondary school teacher who primarily teaches  
16          reading and who—

17                 “(i) has obtained a separate reading  
18                 instruction credential from the State in  
19                 which the teacher is employed; and

20                 “(ii) who is certified by the chief ad-  
21                 ministrative officer of the public or non-  
22                 profit private elementary or secondary  
23                 school in which the borrower is employed  
24                 to teach reading—

1                   “(I) as being proficient in teach-  
2                   ing the essential components of read-  
3                   ing instruction as defined in section  
4                   1208 of the Elementary and Sec-  
5                   ondary Education Act of 1965; and

6                   “(II) as having such credential.

7                   “(H) ADDITIONAL PUBLIC SERVANTS.—An  
8                   individual who, as determined by the Secretary  
9                   of Education by regulation—

10                   “(i) works in a public service profes-  
11                   sion that suffers from a critical lack of  
12                   qualified personnel;

13                   “(ii) serves a low-income or needy  
14                   community; and

15                   “(iii) is highly qualified.

16                   “(c) LOAN REPAYMENT.—

17                   “(1) IN GENERAL.—The Secretary shall assume  
18                   the obligation to repay—

19                   “(A) after each of the first or second years  
20                   of service by an individual in a qualified public  
21                   service position, 15 percent of the total amount  
22                   of principal and interest of the loans described  
23                   in subsection (b)(1) to such individual that are  
24                   outstanding immediately preceding such first  
25                   year of such service;

1           “(B) after each of the third or fourth years  
2           of such service, 20 percent of such total  
3           amount; and

4           “(C) after the fifth year of such service, 30  
5           percent of such total amount.

6           “(2) TOTAL OBLIGATION.—The Secretary shall  
7           repay for an individual under this section not more  
8           than \$20,000 in the aggregate of the loan obligation  
9           on loans described in subsection (b)(1).

10          “(3) TREATMENT OF CONSOLIDATION LOANS.—  
11          A loan amount for a loan made under section 428C  
12          or for a Federal Direct Consolidation Loan may be  
13          a qualified loan amount for the purposes of this sub-  
14          section only to the extent that such loan amount was  
15          used to repay a loan described in subsection (b)(1)  
16          for a borrower who meets the requirements of sub-  
17          section (b), as determined in accordance with regula-  
18          tions prescribed by the Secretary.

19          “(4) CONSTRUCTION.—Nothing in this section  
20          shall be construed to authorize the refunding of any  
21          repayment of a loan made under section 428 or  
22          428H, a Federal Direct Stafford Loan or Federal  
23          Direct Unsubsidized Stafford Loan, a Federal Direct  
24          Loan, or a Federal Perkins Loan.

1           “(5) INTEREST.—If a portion of a loan is re-  
2           paid by the Secretary under this section for any  
3           year, the proportionate amount of interest on such  
4           loan that accrues for such year shall be repaid by  
5           the Secretary.

6           “(6) INELIGIBILITY OF NATIONAL SERVICE  
7           AWARD RECIPIENTS.—No student borrower may, for  
8           the same service, receive a benefit under both this  
9           section and subtitle D of title I of the National and  
10          Community Service Act of 1990 (42 U.S.C. 12601  
11          et seq.).

12          “(7) INELIGIBILITY FOR DOUBLE BENEFITS.—  
13          No borrower may receive a reduction of loan obliga-  
14          tions under both this section and section 428J or  
15          460.

16          “(8) CONTINUED ELIGIBILITY.—

17                  “(A) TEACHERS.—Any teacher who per-  
18                  forms service in a school that—

19                          “(i) meets the requirements of sub-  
20                          section (b)(2)(A)(ii)(I) in any year during  
21                          such service; and

22                          “(ii) in a subsequent year fails to  
23                          meet the requirements of such subsection,

1           may continue to teach in such school and shall  
2           be eligible for loan forgiveness pursuant to sub-  
3           section (b).

4           “(B) TEACHERS IN LOW-INCOME COMMU-  
5           NITIES.—Any early childhood educator who per-  
6           forms service in a community that—

7                   “(i) meets the definition of low-income  
8                   community in any year during such serv-  
9                   ice; and

10                   “(ii) in a subsequent year fails to  
11                   meet such definition,

12           may continue to perform service in such com-  
13           munity and shall be eligible for loan forgiveness  
14           pursuant to subsection (b).

15           “(d) REPAYMENT TO ELIGIBLE LENDERS AND  
16           HOLDERS.—The Secretary shall pay to each eligible lend-  
17           er or holder for each fiscal year an amount equal to the  
18           aggregate amount of the lender’s or holder’s loans that  
19           are subject to repayment pursuant to this section for such  
20           year.

21           “(e) APPLICATION FOR REPAYMENT.—

22                   “(1) IN GENERAL.—Each eligible individual de-  
23                   siring loan repayment under this section shall sub-  
24                   mit a complete and accurate application to the Sec-

1       retary at such time, in such manner, and containing  
2       such information as the Secretary may require.

3           “(2) CONDITIONS.—An eligible individual may  
4       apply for loan repayment under this section after  
5       completing each of the consecutive years of quali-  
6       fying service described in subsection (c)(1). The bor-  
7       rower may elect to receive forbearance while engaged  
8       in qualifying service described in subsection (c)(1)  
9       unless the borrower is in deferment while so en-  
10      gaged.

11          “(3) NOTICE CONCERNING ELIGIBILITY FOR AP-  
12      PLICATION.—The Secretary shall notify education  
13      agencies and other public agencies of the benefits  
14      available under this section, and encourage such  
15      agencies to notify individuals in eligible public serv-  
16      ice positions of such benefits.

17          “(f) REGULATIONS.—The Secretary is authorized to  
18      prescribe such regulations as may be necessary to carry  
19      out the provisions of this section. Such regulations shall  
20      require the Secretary to actively inform individuals eligible  
21      for the provisions of this section of the loan forgiveness  
22      described under this section.

23          “(g) DEFINITIONS.—In this section:

1           “(1) CHILD CARE FACILITY.—The term ‘child  
2 care facility’ means a facility, including a home,  
3 that—

4                   “(A) provides child care services; and

5                   “(B) meets applicable State or local gov-  
6 ernment licensing, certification, approval, or  
7 registration requirements, if any.

8           “(2) CHILD CARE SERVICES.—The term ‘child  
9 care services’ means activities and services provided  
10 for the education and care of children from birth  
11 through age 5 by an individual who has a degree in  
12 early childhood education, including a preschool  
13 teacher.

14           “(3) CHILD WELFARE SERVICES.—The term  
15 ‘child welfare services’ has the meaning given the  
16 term in section 425 of the Social Security Act.

17           “(4) DEGREE.—The term ‘degree’ means an as-  
18 sociate’s or bachelor’s degree awarded by an institu-  
19 tion of higher education.

20           “(5) EARLY CHILDHOOD EDUCATION.—The  
21 term ‘early childhood education’ means education in  
22 the area of early child development and education,  
23 child care, or any other educational area related to  
24 early child education or child care that the Secretary  
25 determines to be appropriate.

1           “(6) ELIGIBLE NURSE.—The term ‘eligible  
2 nurse’ means a nurse who meets all of the following:

3           “(A) The nurse graduated from—

4           “(i) an accredited school of nursing  
5 (as those terms are defined in section 801  
6 of the Public Health Service Act (42  
7 U.S.C. 296));

8           “(ii) a nursing center; or

9           “(iii) an academic health center that  
10 provides nurse training.

11           “(B) The nurse holds a valid and unre-  
12 stricted license to practice nursing in the State  
13 in which the nurse practices in a clinical set-  
14 ting.

15           “(C) The nurse holds 1 or more of the fol-  
16 lowing:

17           “(i) A graduate degree in nursing, or  
18 an equivalent degree.

19           “(ii) A nursing degree from a colle-  
20 giate school of nursing (as defined in sec-  
21 tion 801 of the Public Health Service Act  
22 (42 U.S.C. 296)).

23           “(iii) A nursing degree from an asso-  
24 ciate degree school of nursing (as defined



1 in section 801 of the Public Health Service  
2 Act (42 U.S.C. 296)).

3 “(iv) A nursing degree from a diploma  
4 school of nursing (as defined in section  
5 801 of the Public Health Service Act (42  
6 U.S.C. 296)).

7 “(7) ELIGIBLE PRESCHOOL PROGRAM PRO-  
8 VIDER.—The term ‘eligible preschool program pro-  
9 vider’ means a preschool program provider serving  
10 children younger than the age of compulsory school  
11 attendance that is—

12 “(A) a public or private school;

13 “(B) a provider that is supported, spon-  
14 sored, supervised, or administered by a local  
15 educational agency;

16 “(C) a Head Start agency designated  
17 under the Head Start Act (42 U.S.C. 9831 et  
18 seq.);

19 “(D) a nonprofit or community-based orga-  
20 nization; or

21 “(E) a licensed child care center or family  
22 child care provider.

23 “(8) LOW-INCOME COMMUNITY.—In this sub-  
24 section, the term ‘low-income community’ means a  
25 community in which 70 percent of households earn

1 less than 85 percent of the State median household  
2 income.

3 “(9) PRESCHOOL TEACHER.—The term ‘pre-  
4 school teacher’ means an individual—

5 “(A) who has received at least an associ-  
6 ate’s degree in early childhood education and  
7 who is working toward or who has already re-  
8 ceived a bachelor’s degree in early childhood  
9 education; and

10 “(B) who works for an eligible preschool  
11 program provider supporting the children’s cog-  
12 nitive, social, emotional, and physical develop-  
13 ment to prepare the children for the transition  
14 to kindergarten.

15 “(10) YEAR.—The term ‘year’, where applied to  
16 service as a teacher (or service as a member of an  
17 accredited school of nursing (as those terms are de-  
18 fined in section 801 of the Public Health Service Act  
19 (42 U.S.C. 296))), means an academic year as de-  
20 fined by the Secretary.”.

21 **SEC. 109. SIGNIFICANTLY SIMPLIFYING THE STUDENT AID**

22 **APPLICATION PROCESS.**

23 (a) EXPANDING THE AUTO-ZERO AND FURTHER  
24 SIMPLIFYING THE SIMPLIFIED NEEDS TEST.—

1           (1) SIMPLIFIED NEEDS TEST.—Section 479 (20  
2 U.S.C. 1087ss) is amended—

3           (A) in subsection (b)—

4           (i) in paragraph (1)—

5           (I) by striking clause (i) of sub-  
6 paragraph (A) and inserting the fol-  
7 lowing:

8           “(i) the student’s parents—

9           “(I) file, or are eligible to file, a  
10 form described in paragraph (3); or

11           “(II) certify that they are not re-  
12 quired to file an income tax return; or

13           “(III) or the student received  
14 benefits at some time during the pre-  
15 vious 12-month period under a means-  
16 tested Federal benefit program as de-  
17 fined under subsection (d); and”;

18           (II) by striking clause (i) of sub-  
19 paragraph (B) and inserting the fol-  
20 lowing:

21           “(i) the student (and the student’s  
22 spouse, if any)—

23           “(I) files, or is eligible to file, a  
24 form described in paragraph (3); or

1                   “(II) certifies that the student  
2                   (and the student’s spouse, if any) is  
3                   not required to file an income tax re-  
4                   turn; or

5                   “(III) received benefits at some  
6                   time during the previous 12-month  
7                   period under a means-tested Federal  
8                   benefit program as defined under sub-  
9                   section (d); and”;

10                  (ii) in paragraph (3), by striking “A  
11                  student or family files a form described in  
12                  this subsection, or subsection (c), as the  
13                  case may be, if the student or family, re-  
14                  spectively, files” and inserting “In the case  
15                  of an independent student, the student, or  
16                  in the case of a dependent student, the  
17                  parent, files a form described in this sub-  
18                  section, or subsection (c), as the case may  
19                  be, if the student or parent, as appro-  
20                  priate, files”;

21                  (B) in subsection (c)—

22                         (i) in paragraph (1), by striking sub-  
23                         paragraphs (A) and (B) and inserting the  
24                         following:

25                         “(A) the student’s parents—

1 “(i) file, or are eligible to file, a form  
2 described in subsection (b)(3); or

3 “(ii) certify that they are not required  
4 to file an income tax return; or

5 “(iii) or the student received benefits  
6 at some time during the previous 12-month  
7 period under a means-tested Federal ben-  
8 efit program as defined under subsection  
9 (d); and

10 “(B) the sum of the adjusted gross income  
11 of the parents is less than or equal to \$25,000;  
12 or”; and

13 (ii) in paragraph (2), by striking sub-  
14 paragraphs (A) and (B) and inserting the  
15 following:

16 “(A) the student (and the student’s  
17 spouse, if any)—

18 “(i) files, or is eligible to file, a form  
19 described in subsection (b)(3); or

20 “(ii) certifies that the student (and  
21 the student’s spouse, if any) is not re-  
22 quired to file an income tax return; or

23 “(iii) received benefits at some time  
24 during the previous 12-month period under

1 a means-tested Federal benefit program as  
2 defined under subsection (d); and

3 “(B) the sum of the adjusted gross income  
4 of the student and spouse (if appropriate) is  
5 less than or equal to \$25,000.”; and

6 (iii) by inserting after the last sen-  
7 tence of such subsection the following:  
8 “The Secretary shall annually adjust the  
9 income level necessary to qualify an appli-  
10 cant for the zero expected family contribu-  
11 tion under this subsection. The income  
12 level shall be adjusted according to in-  
13 creases in the Consumer Price Index, as  
14 specified in section 478(f).”; and

15 (C) by adding at the end the following new  
16 subsections:

17 “(d) MEANS-TESTED FEDERAL BENEFIT PRO-  
18 GRAM.—For the purposes of this section, the term ‘means-  
19 tested Federal benefit program’ means a mandatory  
20 spending program of the Federal Government in which eli-  
21 gibility for the program’s benefits, or the amount of such  
22 benefits, or both, are determined on the basis of income  
23 or resources of the individual or family seeking the benefit,  
24 and includes the supplemental security income program  
25 under title XVI of the Social Security Act, the food stamp

1 program under the Food Stamp Act of 1977, the free and  
2 reduced price school lunch program established under the  
3 Richard B. Russell National School Lunch Act, the tem-  
4 porary assistance to needy families program established  
5 under part A of title IV of the Social Security Act, and  
6 the women, infants and children program established  
7 under Section 17 of the Child Nutrition Act of 1966.

8 “(e) REPORTING REQUIREMENTS.—The Secretary  
9 shall regularly evaluate the impact of the eligibility guide-  
10 lines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A)  
11 and (c)(2)(A) of this section. In particular, the Secretary  
12 shall evaluate whether the means-tested Federal benefit  
13 programs (as defined by subsection (d)) ensure that the  
14 Simplified Needs Test continues to be targeted to the  
15 maximum number of low- and moderate-income stu-  
16 dents.”.

17 (b) IMPROVEMENTS TO PAPER AND ELECTRONIC  
18 FORMS.—

19 (1) COMMON FINANCIAL AID FORM DEVELOP-  
20 MENT AND PROCESSING.—Section 483 (20 U.S.C.  
21 1090) is amended—

22 (A) in subsection (a)—

23 (i) by striking paragraphs (1), (2),  
24 and (5);

1                   (ii) by redesignating paragraphs (3),  
2                   (4), (6), and (7), as paragraphs (9), (10),  
3                   (11), and (12), respectively;

4                   (iii) by inserting before paragraph (9),  
5                   as redesignated by subparagraph (B), the  
6                   following:

7                   “(1) IN GENERAL.—The Secretary, in coopera-  
8                   tion with representatives of agencies and organiza-  
9                   tions involved in student financial assistance, shall  
10                  produce, distribute, and process free of charge com-  
11                  mon financial reporting forms as described in this  
12                  subsection to be used for application and reapplica-  
13                  tion to determine the need and eligibility of a stu-  
14                  dent for financial assistance under parts A through  
15                  E (other than subpart 4 of part A). These forms  
16                  shall be made available to applicants in both paper  
17                  and electronic formats and shall be referred to as  
18                  the ‘Free Application for Federal Student Aid’ or  
19                  the ‘FAFSA’ .

20                  “(2) EARLY ESTIMATES.—The Secretary shall  
21                  permit applicants to complete such forms as de-  
22                  scribed in this subsection in the years prior to en-  
23                  rollment in order to obtain an estimate of the family  
24                  contribution, as defined by section 473. Such appli-  
25                  cants shall be permitted to update information sub-



1       mitted on forms described in this subsection using  
2       the process required under paragraph (5)(A).

3           “(3) PAPER FORMAT.—

4           “(A) IN GENERAL.—The Secretary shall  
5       produce, distribute, and process common forms  
6       in paper format to meet the requirements of  
7       paragraph (1). The Secretary shall develop a  
8       common paper form for applicants who do not  
9       meet the requirements of subparagraph (B).

10          “(B) EZ FAFSA.—

11          “(i) IN GENERAL.—The Secretary  
12       shall develop and use a simplified paper  
13       application form, to be known as the ‘EZ  
14       FAFSA’, to be used for applicants meeting  
15       the requirements of section 479(c).

16          “(ii) REDUCED DATA REQUIRE-  
17       MENTS.—The EZ FAFSA shall permit an  
18       applicant to submit for financial assistance  
19       purposes, only the data elements required  
20       to make a determination of whether the  
21       applicant meets the requirements under  
22       section 479(c).

23          “(iii) STATE DATA.—The Secretary  
24       shall include on the EZ FAFSA such data  
25       items as may be necessary to award State

1 financial assistance, as provided under  
2 paragraph (6), except that the Secretary  
3 shall not include a State's data if that  
4 State does not permit its applicants for  
5 State assistance to use the EZ FAFSA.

6 “(iv) FREE AVAILABILITY AND PROC-  
7 ESSING.—The provisions of paragraph (7)  
8 shall apply to the EZ FAFSA, and the  
9 data collected by means of the EZ FAFSA  
10 shall be available to institutions of higher  
11 education, guaranty agencies, and States  
12 in accordance with paragraph (9).

13 “(v) TESTING.—The Secretary shall  
14 conduct appropriate field testing on the  
15 EZ FAFSA.

16 “(C) PROMOTING THE USE OF ELEC-  
17 TRONIC FAFSA.—

18 “(i) IN GENERAL.—The Secretary  
19 shall make all efforts to encourage all ap-  
20 plicants to utilize the electronic forms de-  
21 scribed in paragraph (4).

22 “(ii) MAINTENANCE OF THE FAFSA IN  
23 A PRINTABLE ELECTRONIC FILE.—The  
24 Secretary shall maintain a version of the  
25 paper forms described in subparagraphs

1 (A) and (B) in a printable electronic file  
2 that is easily portable. The printable elec-  
3 tronic file will be made easily accessible  
4 and downloadable to students on the same  
5 website used to provide students with the  
6 electronic application forms described in  
7 paragraph (4) of this subsection. The Sec-  
8 retary shall enable students to submit a  
9 form created under this subparagraph that  
10 is downloaded and printed from an elec-  
11 tronic file format in order to meet the fil-  
12 ing requirements of this section and in  
13 order to receive aid from programs under  
14 this title.

15 “(iii) REPORTING REQUIREMENT.—

16 The Secretary shall report annually to  
17 Congress on the impact of the digital di-  
18 vide on students completing applications  
19 for title IV aid described under this para-  
20 graph and paragraph (4). The Secretary  
21 will also report on the steps taken to elimi-  
22 nate the digital divide and phase out the  
23 paper form described in subparagraph (A)  
24 of this paragraph. The Secretary’s report  
25 will specifically address the impact of the

1 digital divide on the following student pop-  
2 ulations: independent students, adults, and  
3 dependent students.

4 “(4) ELECTRONIC FORMAT.—

5 “(A) IN GENERAL.—The Secretary shall  
6 produce, distribute, and process common forms  
7 in electronic format to meet the requirements of  
8 paragraph (1). The Secretary shall develop  
9 common electronic forms for applicants who do  
10 not meet the requirements of subparagraph (C)  
11 of this paragraph.

12 “(B) STATE DATA.—The Secretary shall  
13 include on the common electronic forms space  
14 for information that needs to be submitted from  
15 the applicant to be eligible for State financial  
16 assistance, as provided under paragraph (6), ex-  
17 cept the Secretary shall not require applicants  
18 to complete data required by any State other  
19 than the applicant’s State of residence.

20 “(C) SIMPLIFIED APPLICATIONS: FAFSA ON  
21 THE WEB.—

22 “(i) IN GENERAL.—The Secretary  
23 shall develop and use a simplified elec-  
24 tronic application form to be used by appli-  
25 cants meeting the requirements under sub-

1 section (c) of section 479 and an addi-  
2 tional, separate simplified electronic appli-  
3 cation form to be used by applicants meet-  
4 ing the requirements under subsection (b)  
5 of section 479.

6 “(ii) REDUCED DATA REQUIRE-  
7 MENTS.—The simplified electronic applica-  
8 tion forms shall permit an applicant to  
9 submit for financial assistance purposes,  
10 only the data elements required to make a  
11 determination of whether the applicant  
12 meets the requirements under subsection  
13 (b) or (c) of section 479.

14 “(iii) STATE DATA.—The Secretary  
15 shall include on the simplified electronic  
16 application forms such data items as may  
17 be necessary to award state financial as-  
18 sistance, as provided under paragraph (6),  
19 except that the Secretary shall not require  
20 applicants to complete data required by  
21 any State other than the applicant’s state  
22 of residence.

23 “(iv) AVAILABILITY AND PROC-  
24 ESSING.—The data collected by means of  
25 the simplified electronic application forms

1 shall be available to institutions of higher  
2 education, guaranty agencies, and States  
3 in accordance with paragraph (9).

4 “(v) TESTING.—The Secretary shall  
5 conduct appropriate field testing on the  
6 forms developed under this subparagraph.

7 “(D) USE OF FORMS.—Nothing in this  
8 subsection shall be construed to prohibit the use  
9 of the forms developed by the Secretary pursu-  
10 ant to this paragraph by an eligible institution,  
11 eligible lender, guaranty agency, State grant  
12 agency, private computer software provider, a  
13 consortium thereof, or such other entities as the  
14 Secretary may designate.

15 “(E) PRIVACY.—The Secretary shall en-  
16 sure that data collection under this paragraph  
17 complies with section 552a of title 5, United  
18 States Code, and that any entity using the elec-  
19 tronic version of the forms developed by the  
20 Secretary pursuant to this paragraph shall  
21 maintain reasonable and appropriate adminis-  
22 trative, technical, and physical safeguards to  
23 ensure the integrity and confidentiality of the  
24 information, and to protect against security  
25 threats, or unauthorized uses or disclosures of

1 the information provided on the electronic  
2 version of the forms. Data collected by such  
3 electronic version of the forms shall be used  
4 only for the application, award, and administra-  
5 tion of aid awarded under this title, State aid  
6 awarded under section 415C, or aid awarded by  
7 eligible institutions or such entities as the Sec-  
8 retary may designate. No data collected by such  
9 electronic version of the forms shall be used for  
10 making final aid awards under this title until  
11 such data have been processed by the Secretary  
12 or a contractor or designee of the Secretary, ex-  
13 cept as may be permitted under this title.

14 “(F) SIGNATURE.—Notwithstanding any  
15 other provision of this Act, the Secretary may  
16 permit an electronic form under this paragraph  
17 to be submitted without a signature, if a signa-  
18 ture is subsequently submitted by the applicant  
19 or if the applicant uses a personal identification  
20 number provided by the Secretary under sub-  
21 paragraph (G) of this paragraph.

22 “(G) PERSONAL IDENTIFICATION NUM-  
23 BERS AUTHORIZED.—The Secretary may assign  
24 to applicants personal identification numbers—

1           “(i) to enable the applicants to use  
2           such numbers in lieu of a signature for  
3           purposes of completing a form under this  
4           paragraph;

5           “(ii) to enable the applicants to use  
6           such numbers in lieu of a signature for  
7           purposes of completing forms required by  
8           States under section 415C; and

9           “(iii) for any purpose determined by  
10          the Secretary to enable the Secretary to  
11          carry out this title.

12          “(5) STREAMLINING.—

13                 “(A) STREAMLINED REAPPLICATION PROC-  
14                 ESS.—

15                 “(i) IN GENERAL.—The Secretary  
16                 shall develop streamlined reapplication  
17                 forms and processes, including both paper  
18                 and electronic reapplication processes, con-  
19                 sistent with the requirements of this sub-  
20                 section, for an applicant who applies for fi-  
21                 nancial assistance under this title in the  
22                 next succeeding academic year subsequent  
23                 to the year in which such applicant first  
24                 applied for financial assistance under this  
25                 title.



1           “(ii) MECHANISMS FOR REAPPLICA-  
2           TION.—The Secretary shall develop appro-  
3           priate mechanisms to support reapplica-  
4           tion.

5           “(iii) IDENTIFICATION OF UPDATED  
6           DATA.—The Secretary shall determine, in  
7           cooperation with States, institutions of  
8           higher education, agencies, and organiza-  
9           tions involved in student financial assist-  
10          ance, the data elements that can be up-  
11          dated from the previous academic year’s  
12          application.

13          “(iv) REDUCED DATA AUTHORIZED.—  
14          Nothing in this title shall be construed as  
15          limiting the authority of the Secretary to  
16          reduce the number of data elements re-  
17          quired of reapplicants.

18          “(v) ZERO FAMILY CONTRIBUTION.—  
19          Applicants determined to have a zero fam-  
20          ily contribution pursuant to section 479(c)  
21          shall not be required to provide any finan-  
22          cial data in a reapplication form, except  
23          that which is necessary to determine eligi-  
24          bility under such section.

25          “(B) REDUCTION OF DATA ELEMENTS.—

1           “(i) REDUCTION REQUIRED.—Of the  
2           number of data elements on the FAFSA  
3           on the date of enactment of the College  
4           Opportunity for All Act (including ques-  
5           tions on the FAFSA for the purposes de-  
6           scribed in paragraph (6)), the Secretary, in  
7           cooperation with representatives of agen-  
8           cies and organizations involved in student  
9           financial assistance, shall reduce the num-  
10          ber of such data elements by 50 percent  
11          within 5 years after such date of enact-  
12          ment. Reductions of data elements under  
13          paragraph (3)(B), (4)(C), or (5)(A)(iv)  
14          shall not be counted towards such 50 per-  
15          cent reduction unless those data elements  
16          are reduced for all applicants.

17           “(ii) REPORT.—The Secretary shall  
18          submit a report on the process of this re-  
19          duction to each House of Congress within  
20          2 years after such date of enactment.

21          “(6) STATE REQUIREMENTS.—

22           “(A) IN GENERAL.—The Secretary shall  
23          include on the forms developed under this sub-  
24          section, such State-specific nonfinancial data  
25          items as the Secretary determines are necessary

1 to meet State requirements for need-based  
2 State aid under section 415C, except as pro-  
3 vided in paragraphs (3)(B)(iii) and (4)(C)(iii)  
4 of this subsection. Such items shall be selected  
5 in consultation with State agencies that submit  
6 applications under section 415C in order to as-  
7 sist in the awarding of State financial assist-  
8 ance in accordance with the terms of this sub-  
9 section, except as provided in paragraphs  
10 (3)(B)(iii) and (4)(C)(iii) of this subsection.  
11 The number of such data items shall not be less  
12 than the number included on the form on Octo-  
13 ber 7, 1998, unless a State notifies the Sec-  
14 retary that the State no longer requires those  
15 data items for the distribution of State need-  
16 based aid.

17 “(B) ANNUAL REVIEW.—The Secretary  
18 shall conduct an annual review process to deter-  
19 mine which forms and nonfinancial data items  
20 the States require to award need-based State  
21 aid and other application requirements that the  
22 States may impose.

23 “(C) STATE USE OF SIMPLIFIED FORMS.—  
24 The Secretary shall encourage states to take  
25 such steps as necessary to encourage the use of

1 simplified application forms, including those de-  
2 scribed in paragraphs (3)(B) and (4)(C), to  
3 meet the requirements under subsection (b) or  
4 (c) of section 479.

5 “(D) FEDERAL REGISTER NOTICE.—The  
6 Secretary shall publish on an annual basis a no-  
7 tice in the Federal Register requiring State  
8 agencies to inform the Secretary—

9 “(i) if the State agency is unable to  
10 permit applicants to utilize the simplified  
11 application forms described in paragraphs  
12 (3)(B) and (4)(C); and

13 “(ii) of the State-specific nonfinancial  
14 data that the State agency requires for de-  
15 livery of State need-based financial aid.

16 “(E) STATE NOTIFICATION TO THE SEC-  
17 RETARY.—

18 “(i) IN GENERAL.—Each State agency  
19 that submits an application under section  
20 415C shall notify the Secretary—

21 “(I) whether the State permits  
22 an applicant to file a form described  
23 in paragraph (3)(B) or (4)(A) of this  
24 subsection for purposes of deter-

1 mining eligibility for State need-based  
2 grant aid; and

3 “(II) the State-specific non-  
4 financial data that the State agency  
5 requires for delivery of State need-  
6 based financial aid.

7 “(ii) ACCEPTANCE OF FORMS.—In the  
8 event that a State does not permit an ap-  
9 plicant to file a form described in para-  
10 graph (3)(B) or (4)(A) of this subsection  
11 for purposes of determining eligibility for  
12 State need-based grant aid—

13 “(I) the State shall notify the  
14 Secretary if the State is not permitted  
15 to do so because of either State law or  
16 because of agency policy; and

17 “(II) the notification under sub-  
18 clause (I) shall include an estimate of  
19 the program cost to permit applicants  
20 to complete simplified application  
21 forms under paragraphs (3)(B) and  
22 (4)(A) of this subsection.

23 “(iii) LACK OF NOTIFICATION BY THE  
24 STATE.—If a State does not notify the

1 Secretary pursuant to clause (i), the Sec-  
2 retary shall—

3 “(I) permit residents of that  
4 State to complete simplified applica-  
5 tion forms under paragraphs (3)(B)  
6 and (4)(A) of this subsection; and

7 “(II) not require any resident of  
8 that State to complete any non-  
9 financial data previously required by  
10 that State under this section.

11 “(7) CHARGES TO STUDENTS AND PARENTS  
12 FOR USE OF FORMS PROHIBITED.—

13 “(A) FEES PROHIBITED.—The FAFSA, in  
14 whatever form (including the EZ-FAFSA,  
15 paper, electronic, simplified, or reapplication),  
16 shall be produced, distributed, and processed by  
17 the Secretary and no parent or student shall be  
18 charged a fee for the collection, processing, or  
19 delivery of financial aid through the use of the  
20 FAFSA. The need and eligibility of a student  
21 for financial assistance under parts A through  
22 E of this title (other than under subpart 4 of  
23 part A) may only be determined by using the  
24 FAFSA developed by the Secretary pursuant to  
25 this subsection. No student may receive assist-

1           ance under parts A through E of this title  
2           (other than under subpart 4 of part A), except  
3           by use of the FAFSA developed by the Sec-  
4           retary pursuant to this subsection. No data col-  
5           lected on a form for which a fee is charged shall  
6           be used to complete the FAFSA.

7           “(B) NOTICE.—Any entity that provides to  
8           students and parents, or charges students or  
9           parents for, any value-added services with re-  
10          spect to or in connection with the FAFSA, such  
11          as completion of the FAFSA, submission of the  
12          FAFSA, or tracking of the FAFSA for a stu-  
13          dent, shall provide to students and parents  
14          clear and conspicuous notice that—

15               “(i) the FAFSA is a free Federal stu-  
16               dent aid application;

17               “(ii) the FAFSA can be completed  
18               without professional assistance; and

19               “(iii) includes the current Internet ad-  
20               dress for the FAFSA on the Department’s  
21               web site.

22          “(8) APPLICATION PROCESSING CYCLE.—The  
23          Secretary shall enable students to submit a form  
24          created under this subsection in order to meet the  
25          filing requirements of this section and in order to re-

1       ceive aid from programs under this title and shall  
2       initiate the processing of applications under this  
3       subsection as early as practicable prior to January  
4       1 of the student’s planned year of enrollment.”;

5               (B) by adding at the end of subsection (a)  
6       the following paragraph:

7               “(13) EARLY APPLICATION AND AWARD DEM-  
8       ONSTRATION PROGRAM.—

9               “(A) PROGRAM REQUIRED.—The Secretary  
10       shall, no later than two years after the date of  
11       enactment of the College Opportunity for All  
12       Act, implement an early application demonstra-  
13       tion program enabling dependent students to  
14       complete applications under this subsection in  
15       their junior year of high school, or in the aca-  
16       demic year that is two years prior to their in-  
17       tended year of enrollment, and to be eligible to  
18       receive aid under this title and such aid as may  
19       be available from participants, including State  
20       financial assistance as provided under section  
21       415C and other aid provided by participating  
22       institutions.

23               “(B) PURPOSE AND OBJECTIVES.—The  
24       purpose of the demonstration program under  
25       this paragraph shall be to measure the benefits,



1 in terms of student aspirations and plans to at-  
2 tend college, and the adverse effects, in terms  
3 of program costs, integrity, distribution, and  
4 delivery of aid under this title, of implementing  
5 an early application system for all dependent  
6 students that allows dependent students to  
7 apply for financial aid using information from  
8 the year prior to the year prior to enrollment.  
9 Additional objectives associated with implemen-  
10 tation of the demonstration program are the  
11 following:

12 “(i) Measure the feasibility of ena-  
13 bling dependent students to apply for Fed-  
14 eral, State, and institutional financial aid  
15 in their junior year of high school, using  
16 information from the year prior to the year  
17 prior to enrollment, by completing any of  
18 the application forms under this sub-  
19 section.

20 “(ii) Determine the feasibility, bene-  
21 fits, and adverse effects of implementing a  
22 data match with the Internal Revenue  
23 Service (IRS).

24 “(iii) Identify whether receiving final  
25 financial aid awards no later than the fall

1 of the senior year provides students with  
2 additional time to compete for the limited  
3 resources available for State and institu-  
4 tional financial aid and positively impacts  
5 the college aspirations and plans of these  
6 students.

7 “(iv) Measure the impact of using in-  
8 come information from the year prior to  
9 the year prior to enrollment on—

10 “(I) eligibility for financial aid  
11 under this title and for other institu-  
12 tional aid; and

13 “(II) the cost of financial aid  
14 programs under this title.

15 “(iv) Effectively evaluate the benefits  
16 and adverse effects of the demonstration  
17 program on program costs, integrity, dis-  
18 tribution, and delivery of aid.

19 “(C) PARTICIPANTS.—The Secretary shall  
20 select States and institutions within those  
21 States to participate in the demonstration pro-  
22 gram under this paragraph that are partici-  
23 pating in the programs under this title and that  
24 are willing to make final financial aid awards to  
25 students based on their application information

1 from the year prior to the year prior to enroll-  
2 ment. The Secretary shall also select as partici-  
3 pants in the demonstration program secondary  
4 schools and dependent students that are located  
5 in the participating States.

6 “(D) APPLICATION PROCESS.—The Sec-  
7 retary shall insure that the following provisions  
8 are included in the demonstration program:

9 “(i) Participating States and institu-  
10 tions shall allow participating students to  
11 apply for financial aid during their junior  
12 year of high school using information from  
13 the year prior to the year prior to enroll-  
14 ment and all provisions available under  
15 this title and shall award final financial aid  
16 awards to participating students based on  
17 the applications provided under this dem-  
18 onstration program.

19 “(ii) Participating States and institu-  
20 tions shall not require students partici-  
21 pating in this demonstration program to  
22 complete an additional application in the  
23 year prior to enrollment in order to receive  
24 State aid under section 415C and any  
25 other institutional aid.

1           “(iii) Financial aid administrators at  
2           participating institutions shall be allowed  
3           to use their discretion in awarding finan-  
4           cial aid to participating students, as out-  
5           lined under section 479A and section  
6           480(d)(7).

7           “(E) DATA MATCH WITH THE INTERNAL  
8           REVENUE SERVICE.—The Secretary shall in-  
9           clude in this demonstration project a data  
10          match with the Internal Revenue Service in  
11          order to verify data provided by participating  
12          students and gauge the feasibility of imple-  
13          menting such a data match for all students ap-  
14          plying for aid under this title.

15          “(F) EVALUATION.—The Secretary shall  
16          conduct a rigorous evaluation of this dem-  
17          onstration program in order to measure its ben-  
18          efits and adverse effects as indicated under sub-  
19          paragraph (A).

20          “(G) OUTREACH.—The Secretary shall  
21          make appropriate efforts in order to notify  
22          States of the demonstration program under this  
23          paragraph. Upon determination of participating  
24          States, the Secretary shall continue to make ef-  
25          forts to notify institutions and dependent stu-

1           dents within participating States of the oppor-  
2           tunity to participate in the demonstration pro-  
3           gram and of the participation requirements.”

4           (C) by striking subsection (b);

5           (D) by redesignating subsections (c), (d),  
6           and (e) as subsections (b), (c), and (d), respec-  
7           tively.

8           (2) MASTER CALENDAR.—Section 482(a)(1)(B)  
9           (20 U.S.C. 1089) is amended to read as follows:

10           “(B) by March 1: proposed modifications,  
11           updates, and notices pursuant to sections  
12           479(c)(2)(C), 478, and 483(a)(6) published in  
13           the Federal Register;”.

14           (e) INCREASING ACCESS TO TECHNOLOGY.—Section  
15           483 (20 U.S.C. 1087ss) is further amended by adding at  
16           the end the following:

17           “(e) ADDRESSING THE DIGITAL DIVIDE.—The Sec-  
18           retary shall utilize savings accrued by moving more appli-  
19           cants to the electronic forms described in subsection (a)(4)  
20           to improve access to the electronic forms described in sub-  
21           section (a)(4) for applicants meeting the requirements of  
22           section 479(c).”

23           (d) SIMPLIFY THE TREATMENT OF INCOME: REDUC-  
24           ING UNTAXED INCOME AND BENEFITS.—Subsection (b)

1 of section 480 (20 U.S.C. 1087vv(b)) is amended to read  
2 as follows:

3 “(b) UNTAXED INCOME AND BENEFITS.—

4 “(1) The term ‘untaxed income and benefits’  
5 means—

6 “(A) child support received;

7 “(B) workman’s compensation;

8 “(C) veteran’s benefits such as death pen-  
9 sion, dependency, and indemnity compensation,  
10 but excluding veterans’ education benefits as  
11 defined in subsection (c);

12 “(D) interest on tax-free bonds;

13 “(E) housing, food, and other allowances  
14 (excluding rent subsidies for low-income hous-  
15 ing) for military, clergy, and others (including  
16 cash payments and cash value of benefits);

17 “(F) cash support or any money paid on  
18 the student’s behalf, except, for dependent stu-  
19 dents, funds provided by the student’s parents;

20 “(G) untaxed portion of pensions;

21 “(H) payments to individual retirement ac-  
22 counts and Keogh accounts excluded from in-  
23 come for Federal income tax purposes; and

24 “(I) any other untaxed income and bene-  
25 fits, such as Black Lung Benefits, Refugee As-

1           sistance, railroad retirement benefits, or Job  
2           Training Partnership Act noneducational bene-  
3           fits or benefits received through participation in  
4           employment and training activities under title I  
5           of the Workforce Investment Act of 1998.

6           “(2) The term ‘untaxed income and benefits’  
7           shall not include the amount of additional child tax  
8           credit claimed for Federal income tax purposes.”.

9           (e) REDUCING THE NUMBER OF QUESTIONS.—Sec-  
10          tion 484 (20 U.S.C. 1091) is amended by striking sub-  
11          section (r).

12          (f) ALLOWANCE FOR STATE AND OTHER TAXES.—

13               (1) ALLOWANCE FOR STATE AND LOCAL  
14          TAXES.—Section 478 (20 U.S.C. 1087rr) is amend-  
15          ed—

16                       (A) by striking subsection (g); and

17                       (B) by redesignating subsection (h) as sub-  
18          section (g).

19               (2) HOLDING STUDENTS HARMLESS.—Section  
20          475(c) (20 U.S.C. 1087oo(c)) is amended—

21                       (A) in paragraph (1):

22                               (i) by striking subparagraph (B); and

23                               (ii) by redesignating subparagraphs  
24          (C), (D), (E), and (F) as subparagraphs

25          (B), (C), (D), and (E), respectively;

1 (B) by striking paragraph (2);  
 2 (C) by striking paragraph (4) and insert-  
 3 ing the following:  
 4 “(4) INCOME PROTECTION ALLOWANCE.—The  
 5 income protection allowance is determined by the fol-  
 6 lowing table (or a successor table prescribed by the  
 7 Secretary under section 478):

“Income Protection Allowance

Family Size	Number in College					For each additional subtract:
(including student)	1	2	3	4	5	
2	\$15,207	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	
4	23,388	20,779	18,193	\$15,596	.....	
5	27,595	24,986	22,400	19,802	\$17,216	
6	32,268	29,670	27,084	24,487	21,900	
For each additional add:	2,586	2,586	2,586	2,586	2,586	”;

8 and  
 9 (D) by redesignating paragraphs (3), (4)  
 10 and (5) as paragraphs (2), (3) and (4), respec-  
 11 tively.

12 (3) DEPENDENT STUDENT INCREASE IN IN-  
 13 COME PROTECTION ALLOWANCE.—Section 475(g)  
 14 (20 U.S.C. 1087oo(g)) is amended—

15 (A) in paragraph (2)—  
 16 (i) by striking subparagraph (B);  
 17 (ii) by striking subparagraph (D) and  
 18 inserting the following:



1           “(D) an income protection allowance of  
2           \$2,589 (or a successor amount prescribed by  
3           the Secretary under section 478); and”

4           (iii) by redesignating subparagraphs  
5           (C), (D), (E), and (F) as subparagraphs  
6           (B), (C), (D), and (E), respectively;

7           (B) by striking paragraph (3); and

8           (C) by redesignating paragraphs (4), (5),  
9           and (6) as paragraphs (3), (4), and (5), respec-  
10          tively.

11          (4) INDEPENDENT STUDENT (WITHOUT DE-  
12          PENDENTS) INCREASE IN INCOME PROTECTION AL-  
13          LOWANCE.—Section 476(b) (20 U.S.C. 1087pp(b))  
14          is amended—

15          (A) in subparagraph (A) of paragraph

16          (1)—

17                 (i) by striking clause (ii);

18                 (ii) by striking subclauses (I), (II) and  
19                 (III) of clause (iv) and inserting the fol-  
20                 lowing:

21                         “(I) \$5,874 for single students;

22                         “(II) \$5,874 for married stu-  
23                         dents who are both enrolled pursuant  
24                         to subsection (a)(2); and

1                   “(III) \$9,395 for married stu-  
2                   dents where one is enrolled pursuant  
3                   to subsection (a)(2);” and  
4                   (iii) by redesignating clauses (iii), (iv),  
5                   (v), (vi), as clauses (ii), (iii), (iv), and (v),  
6                   respectively;  
7                   (B) by striking paragraph (2); and  
8                   (C) by redesignating paragraphs (3), (4),  
9                   and (5) as paragraphs (2), (3), and (4), respec-  
10                  tively.

11                  (5) INDEPENDENT STUDENT (WITH DEPEND-  
12                  ENTS) INCREASE IN INCOME PROTECTION ALLOW-  
13                  ANCE.—Section 477(b) (20 U.S.C. 1087qq(b)) is  
14                  amended—

15                  (A) in paragraph (1)—  
16                         (i) by striking subparagraph (B); and  
17                         (ii) by redesignating (C), (D), (E),  
18                         and (F) as subparagraphs (B), (C), (D),  
19                         and (E), respectively;  
20                  (B) by striking paragraph (2);  
21                  (C) by striking paragraph (4) and insert-  
22                  ing the following:

23                  “(4) INCOME PROTECTION ALLOWANCE.—The  
24                  income protection allowance is determined by the fol-

1       lowing table (or a successor table prescribed by the  
2       Secretary under section 478):

“Income Protection Allowance

Family Size	Number in College					For each additional subtract:
(including student)	1	2	3	4	5	For each additional subtract:
2	\$16,935	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	
4	23,384	20,779	18,193	\$15,596	.....	
5	27,596	24,986	22,400	19,802	\$17,216	
6	32,268	29,670	27,084	24,487	21,900	
For each additional add:	2,586	2,586	2,586	2,586	2,586	”;

3       and

4               (D) by redesignating paragraphs (3), (4),

5       and (5) as paragraphs (2), (3), and (4), respec-

6       tively.

7       (6) CONFORMING AMENDMENT: UPDATES.—

8       Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

9               (A) in paragraph (1)—

10               (i) by striking “1993–1994” and in-

11               serting “2005–2006”;

12               (ii) by striking “475(c)(4) and

13               477(b)(4)” and inserting “475(c)(3) and

14               477(b)(3)”;

15               (iii) by striking “December 1992” and

16               inserting “December 2004”; and

17               (B) in paragraph (2)—

18               (i) by striking “2000–2001” and in-

19               serting “2005–2006”;

1 (ii) by striking “475(g)(2)(D) and  
2 476(b)(1)(A)(iv)” and inserting  
3 “475(g)(2)(C) and 476(b)(1)(A)(iii)”; and  
4 (iii) by striking “December 1999” and  
5 inserting “December 2004”.

6 (g) RELIEF FOR WORKING STUDENTS.—

7 (1) DEPENDENT STUDENTS.—Paragraph (4) of  
8 section 475(g) (20 U.S.C. 1087oo(g)(4)), as redesign-  
9 nated by subsection (f)(3)(C), is amended to read as  
10 follows:

11 “(4) the student’s available income (determined  
12 in accordance with paragraph (1) of this subsection)  
13 is assessed at 40 percent.”

14 (2) INDEPENDENT STUDENTS WITHOUT DE-  
15 PENDENTS OTHER THAN A SPOUSE.—Paragraph (4)  
16 of section 476(b) (20 U.S.C. 1087pp(b)), as redesign-  
17 nated by subsection (f)(3)(C), is amended to read as  
18 follows:

19 “(4) ASSESSMENT OF AVAILABLE INCOME.—  
20 The family’s available income (determined in accord-  
21 ance with paragraph (1)(A) of this subsection) is as-  
22 sessed at 40 percent.”.

23 (h) SIMPLIFYING FOR STUDENTS WITH SPECIAL  
24 CIRCUMSTANCES.—Section 480 (20 U.S.C. 1087vv) is

1 amended by striking subsection (d) and inserting the fol-  
2 lowing:

3 “(d) INDEPENDENT STUDENT.—

4 “(1) DEFINITION.—The term ‘independent’  
5 when used with respect to a student, means any in-  
6 dividual who—

7 “(A) is 24 years of age or older by Decem-  
8 ber 31 of the award year;

9 “(B) is an orphan, in foster care, or a  
10 ward of the court, or was in foster care or a  
11 ward of the court until the individual reached  
12 the age of 18;

13 “(C) is an emancipated youth as defined  
14 by his or her state of legal residence or is in  
15 legal guardianship as defined by section 475(7)  
16 of the Social Security Act;

17 “(D) is a veteran of the Armed Forces of  
18 the United States (as defined in subsection  
19 (c)(1));

20 “(E) is a graduate or professional student;

21 “(F) is a married individual;

22 “(G) has legal dependents other than a  
23 spouse; or

24 “(H) is a student for whom a financial aid  
25 administrator makes a documented determina-

1           tion of independence by reason of unusual cir-  
2           cumstances.

3           “(2) SIMPLIFYING THE DEPENDENCY OVER-  
4           RIDE PROCESS.—Nothing in this subsection shall  
5           prohibit a financial aid administrator to make a de-  
6           termination of independence, as defined in para-  
7           graph (1)(H), based upon a documented determina-  
8           tion of independence, as defined in paragraph  
9           (1)(H), previously made by another financial aid ad-  
10          ministrator in the same application year.”.

11          (i) TAILORING ELECTRONIC APPLICATIONS FOR STU-  
12          DENTS WITH SPECIAL CIRCUMSTANCES.—Section 483(a)  
13          of the Higher Education Act is further amended by insert-  
14          ing after paragraph (13), as added by subsection  
15          (b)(1)(B) of this section, the following new paragraph:

16               “(14) APPLICATIONS FOR STUDENTS SEEKING  
17               A DOCUMENTED DETERMINATION OF INDEPEND-  
18               ENCE.—In the case of dependent students seeking a  
19               documented determination of independence by a fi-  
20               nancial aid administrator (as defined by section  
21               480(d)), nothing in this section shall prohibit the  
22               Secretary from—

23                       “(A) allowing such students to indicate  
24                       their special circumstance on an electronic form  
25                       developed pursuant for this section;

1           “(B) collecting and processing on a pre-  
2           liminary basis data provided by such students  
3           using the electronic forms developed pursuant  
4           for this section; and

5           “(C) distributing such data to institutions  
6           of higher education, guaranty agencies, and  
7           States for the purposes of processing loan appli-  
8           cations and determining need and eligibility for  
9           institutional and State financial aid awards on  
10          a preliminary basis, pending a documented de-  
11          termination of independence by a financial aid  
12          administrator.”.

13 **SEC. 110. AUTHORIZATIONS OF APPROPRIATIONS FOR**  
14 **CAMPUS-BASED AID.**

15          (a) FEDERAL TRIO PROGRAM AUTHORIZATIONS.—  
16 Section 402A(f) (20 U.S.C. 1070a–11(f)) is amended—

17           (1) by striking “\$700,000,000 for fiscal year  
18           1999” and inserting “\$1,250,000,000 for fiscal year  
19           2004”; and

20           (2) by striking “4 succeeding fiscal years” and  
21           inserting “5 succeeding fiscal years”.

22          (b) GEARUP.—Section 404H (20 U.S.C. 1070a–28)  
23 is amended to read as follows:

1 **“SEC. 404H. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out  
3 this chapter—

4 “(1) \$500,000,000 for fiscal year 2006; and

5 “(2) such sums as may be necessary for each  
6 of the 5 succeeding fiscal years.”.

7 (c) FEDERAL SUPPLEMENTAL EDUCATIONAL OP-  
8 PORTUNITY GRANTS.—

9 (1) AUTHORIZATION.—Section 413A(b)(1) (20  
10 U.S.C. 1070b(b)(1)) is amended—

11 (A) by striking “\$675,000,000 for fiscal  
12 year 1999” and inserting “\$1,000,000,000 for  
13 fiscal year 2006”; and

14 (B) by striking “4 succeeding fiscal years”  
15 and inserting “5 succeeding fiscal years”.

16 (2) MAXIMUM GRANT.—Section 413B(a)(2) (20  
17 U.S.C. 1070b–1(a)(2)) is amended by striking  
18 “\$4,000” and inserting “\$8,000”.

19 (d) COLLEGE WORK-STUDY.—Section 441(b) (20  
20 U.S.C. 2751(b)) is amended to read as follows:

21 “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
22 are authorized to be appropriated to carry out this part—

23 “(1) \$1,500,000,000 for fiscal year 2006; and

24 “(2) such sums as may be necessary for each  
25 of the 5 succeeding fiscal years.”.



1 **SEC. 111. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAM-**  
2 **ILIES ARE ENGAGED IN MIGRANT AND SEA-**  
3 **SONAL FARM WORK.**

4 Section 418A (20 U.S.C. 1070d–2) is amended—

5 (1) in subsection (b)(1)(B)(i), by inserting “or  
6 whose spouse” after “themselves”;

7 (2) in subsection (b)(3)(B), by inserting “, in-  
8 cluding preparation for college entrance exams,”  
9 after “program”;

10 (3) in subsection (b)(8), by inserting “, includ-  
11 ing child care and transportation” after “students”;

12 (4) by striking “and” at the end of subsection  
13 (b)(7), by striking the period at the end of sub-  
14 section (b)(8) and inserting “; and”, and by adding  
15 at the end of subsection (b) the following new para-  
16 graph:

17 “(9) follow up activity and reporting require-  
18 ments, except that not more than 2 percent of the  
19 funds provided under this section may be used for  
20 such purposes.”;

21 (5) in subsection (c)(1)(A), by inserting “or  
22 whose spouse” after “themselves”;

23 (6) in subsection (c)(2)(B), by inserting “(in-  
24 cluding mentoring and guidance of such students)”  
25 after “services”;

1           (7) in subsection (e)(2), by striking “and” at  
2           the end of subparagraph (A), by striking the period  
3           at the end of subparagraph (B) and inserting “;  
4           and”, and by adding at the end of subsection (e)(2)  
5           the following new subparagraph:

6                   “(C) for students in any program that  
7                   does not award a bachelor’s degree, encour-  
8                   aging the transfer to, and persistence in, such  
9                   a program, and monitoring the rate of such  
10                  transfer, persistence, and completion.”; and

11          (8) in subsection (h)—

12                   (A) in paragraph (1), by striking  
13                   “\$15,000,000 for fiscal year 1999 and such  
14                   sums as may be necessary for each of the 4  
15                   succeeding fiscal years” and inserting  
16                   “\$24,000,000 for fiscal year 2006 and such  
17                   sums as may be necessary for each of the 5  
18                   succeeding fiscal years”; and

19                   (B) in paragraph (2), by striking  
20                   “\$5,000,000 for fiscal year 1999 and such  
21                   sums as may be necessary for each of the 4  
22                   succeeding fiscal years” and inserting  
23                   “\$16,000,000 for fiscal year 2006 and such  
24                   sums as may be necessary for each of the 5  
25                   succeeding fiscal years”.

1 **SEC. 112. INITIATIVE TO ENHANCE COLLEGE GRADUATION**  
 2 **RATES AND TO ACCELERATE TIME TO DE-**  
 3 **GREE.**

4 Part A of title IV is amended by inserting after sub-  
 5 part 7 the following new subpart:

6 **“Subpart 8—Initiative to Enhance College**  
 7 **Graduation Rates and to Accelerate Time to Degree**  
 8 **“SEC. 419P. PROGRAM AUTHORIZED.**

9 “(a) PURPOSE.—It is the purpose of this subpart to  
 10 establish a six-year demonstration initiative to test wheth-  
 11 er Federal financial aid can be leveraged more effectively  
 12 to reduce postsecondary remediation rates and improve  
 13 degree attainment rates for low-income students and  
 14 former high school dropouts by allowing income-eligible  
 15 high school students to use Federal grants to get a head  
 16 start on college.

17 “(b) DEFINITION OF AN EARLY COLLEGE HIGH  
 18 SCHOOL.—A secondary school is eligible for purposes of  
 19 this subpart if such school—

20 “(1) is a secondary school that has an enroll-  
 21 ment of high school-aged students—

22 “(A) all of which are taking at least 50  
 23 percent of their courses at the college level over  
 24 4 or 5 years; and

25 “(B) all of which, upon their graduation  
 26 from high school, are working towards earning

1 an associates degree or up to 2 years of trans-  
2 ferable college credit; or

3 “(2) is a secondary school that—

4 “(A) has a partnership agreement estab-  
5 lishing co-governance of the demonstration sites  
6 between local educational agencies, secondary  
7 schools, postsecondary institutions, or other  
8 partnering agencies (or any combination there-  
9 of), including through a non-profit intermediary  
10 facilitating such partnerships;

11 “(B) supports cohorts of students in a co-  
12 herent course of study with strong individual-  
13 ized services supporting students;

14 “(C) encourages accelerated accumulation  
15 of college credits;

16 “(D) allows students to earn both a high  
17 school diploma and college credit through a co-  
18 herent course of study enabling the attainment  
19 of credit towards a postsecondary degree or cre-  
20 dential;

21 “(E) provides services to underrepresented  
22 populations such as students eligible for Pell  
23 grants, first-generation college students, stu-  
24 dents from school districts with high concentra-

1           tions of poverty, English language learners, or  
2           former high school dropouts; and

3                   “(F) includes the participation of postsec-  
4           ondary institutions that are in good standing  
5           under the Title IV programs.

6           “(c) APPLICATION.—An early college high school  
7           which is a local education agency or a local education  
8           agency on behalf of an early college high school which de-  
9           sires to receive a grant under this section may submit an  
10          application to the Secretary at such time and containing  
11          such information as the Secretary may require. Such ap-  
12          plication shall require applicants to establish goals for how  
13          many students will participate in the program, and goals  
14          for the academic progress of participating students toward  
15          earning their high school diploma and associate’s degree,  
16          or transferable college credit, or both.

17          “(d) SELECTION OF GRANT RECIPIENTS.—The Sec-  
18          retary shall select grant recipients on a competitive basis.  
19          In making grants under this section the Secretary shall  
20          award grants in an amount not less than \$1,000,000.

21          “(e) EVALUATION.—

22                  “(1) ANNUAL EVALUATION.—The Secretary of  
23          Education shall evaluate the programs under this  
24          section on an annual basis. Such evaluations shall  
25          include—

1           “(A) the extent to which the institution, or  
2 partnership has met the goals set forth in its  
3 application to the Secretary;

4           “(B) the number of students participating  
5 in the program offered, including the progress  
6 of participating students towards earning their  
7 high school diploma and their associate’s de-  
8 gree, or transferable college credit, or both; and

9           “(C) as consistent with the goals set forth  
10 in the application to the Secretary, the number  
11 of former high school drop outs participating in  
12 the program.

13           “(2) OTHER EVALUATIONS.—Within 18 months  
14 of the start of the demonstration initiative, the Sec-  
15 retary of Education shall report to the Committee  
16 on Education and the Workforce of the House of  
17 Representatives and the Committee on Health, Edu-  
18 cation, Labor, and Pensions of the Senate with re-  
19 spect to—

20           “(A) the evaluation of the demonstration  
21 program under this section; and

22           “(B) any proposed statutory changes to  
23 enhance the success of the programs under this  
24 section.

1       “(f) AUTHORIZATION.—There are authorized to be  
2 appropriated to carry out this subpart \$100,000,000 for  
3 fiscal year 2006 and such sums as may be necessary for  
4 each of the 5 succeeding fiscal years.”.

5 **SEC. 113. CONSOLIDATION LOAN LENDER OF CHOICE.**

6       (a) STUDENT LOAN BORROWER CHOICE OF LOAN  
7 CONSOLIDATOR.—Section 428C(b)(1)(A) of the Higher  
8 Education Act of 1965 (20 U.S.C. 1078–3(b)(1)(A)) is  
9 amended by striking “and (i) the lender holds” and all  
10 that follows through “selected for consolidation”).

11       (b) CONSOLIDATION LOAN DISCLOSURE BY LEND-  
12 ERS.—Section 428C(b)(1) of the Higher Education Act of  
13 1965 (20 U.S.C. 1078–3(b)(1)) is amended—

14             (1) by striking “and” at the end of subpara-  
15 graph (E);

16             (2) by redesignating subparagraph (F) as sub-  
17 paragraph (G); and

18             (3) by inserting after subparagraph (E) the fol-  
19 lowing new subparagraph:

20                     “(F) that each applicant for a consolida-  
21 tion loan will be provided a clear and con-  
22 spicuous notice, in such form as the Secretary  
23 shall prescribe, describing—

1                   “(i) the effects of a consolidation loan  
2                   and its available repayment plans on the  
3                   borrower’s interest rate;

4                   “(ii) the amount of his or her monthly  
5                   and total payments, total interest accrued,  
6                   and the length of the repayment term;

7                   “(iii) the ability of the student bor-  
8                   rower to pre-pay loans; and

9                   “(iv) the differences between variable  
10                  and fixed interest rates;”.

11           (c) DISCLOSURES BY INSTITUTIONS DURING EXIT  
12 COUNSELING.—Section 485(b) of the Higher Education  
13 Act of 1965 (20 U.S.C. 1092(b)) is amended by adding  
14 at the end the following new paragraph:

15           “(3) Each eligible institution shall provide to the bor-  
16 rower of a loan made under part B, D, or E, during the  
17 exit interview required by this subsection, a clear and con-  
18 spicuous notice, in such form as the Secretary shall pre-  
19 scribe, describing the effect of using a consolidation loan  
20 to discharge the borrower’s student loans, and including,  
21 with respect to a series of loan amounts ranges—

22                   “(A) the differences between fixed and variable  
23                   interest rates;

24                   “(B) the effects of consolidation loan and its  
25                   available repayment plans on the borrower’s interest



1 rate, the amount of his or her monthly and total  
2 payments, total interest accrued, and the length of  
3 repayment term; and

4 “(C) the ability of the student to prepay  
5 loans.”.

6 **SEC. 114. ESTABLISHING ADDITIONAL SAFEGUARDS ON**  
7 **SCHOOLS ACTING AS LENDERS UNDER THE**  
8 **FEDERAL FAMILY EDUCATION LOAN PRO-**  
9 **GRAM.**

10 Section 435(d)(2) (20 U.S.C. 1085(d)(2)) is amended  
11 to read as follows:

12 “(2) REQUIREMENTS FOR ELIGIBLE INSTITU-  
13 TIONS.—

14 “(A) IN GENERAL.—To be an eligible lend-  
15 er under this part, an eligible institution

16 “(i) shall employ at least one person  
17 whose full-time responsibilities are limited  
18 to the administration of programs of finan-  
19 cial aid for students attending such institu-  
20 tion;

21 “(ii) shall not be a home study school;

22 “(iii) shall make loans to not more  
23 than 50 percent of the undergraduate stu-  
24 dents at the institution;

1           “(iv) shall not make a loan, other  
2 than a loan to a graduate or professional  
3 student, unless the borrower has previously  
4 received a loan from the school;

5           “(v) shall award any contract for fi-  
6 nancing, servicing, administration, or ad-  
7 ministration of loans under this title on a  
8 competitive basis;

9           “(vi) shall offer loans which carry a  
10 reduced origination fee, or a lower interest  
11 rate, or both, than are authorized under  
12 the provisions of this title;

13           “(vii) shall not have a cohort default  
14 rate (as defined in section 435(m)) greater  
15 than 10 percent;

16           “(viii) shall use any proceeds from  
17 special allowance payments and interest  
18 payments from borrowers, and any pro-  
19 ceeds from the sale or other disposition of  
20 loans, for need-based grant programs; and

21           “(ix) shall, for any year for which the  
22 institution engages in activities as an eligi-  
23 ble lender, provide for a compliance audit  
24 conducted in accordance with section  
25 428(b)(1)(U)(iii)(I), and the regulations

1           thereunder, and submit the results of such  
2           audit to the Secretary.

3           “(B) ADMINISTRATIVE EXPENSES.—An el-  
4           igible lender under subparagraph (A) shall be  
5           permitted to use a portion of the proceeds de-  
6           scribed in subparagraph (A)(viii) for reasonable  
7           and direct administrative expenses.

8           “(C) SUPPLEMENT, NOT SUPPLANT.—An  
9           eligible lender under subparagraph (A) shall en-  
10          sure that the proceeds described in subpara-  
11          graph (A)(viii) are used to supplement, and not  
12          to supplant, non-Federal funds that would oth-  
13          erwise be used for need-based grant pro-  
14          grams.”.

15 **SEC. 115. BOOSTING OPPORTUNITIES FOR LOW-INCOME**  
16 **PARENTS TO PURSUE COLLEGE DEGREES.**

17          (a) MINIMUM GRANT.—Section 419N(b)(2)(B) (20  
18 U.S.C. 1070e(b)(2)(B)) is amended by striking “\$10,000”  
19 and inserting “\$30,000”.

20          (b) ELIGIBLE INSTITUTIONS.—Section 419N(b)(4) is  
21 amended by striking “\$350,000” and inserting  
22 “\$250,000”.

23          (c) INCOME ELIGIBILITY.—Section 419N(b)(7) is  
24 amended by striking “who is eligible to receive” and in-  
25 sserting “whose income qualifies for eligibility for”.

1 (d) PUBLICITY.—Section 419N(b) is further amend-  
2 ed by adding at the end the following new paragraph:

3 “(8) PUBLICITY.—The Secretary shall publicize  
4 the availability of grants under this section in appro-  
5 priate periodicals, in addition to publication in the  
6 Federal Register, and shall inform appropriate edu-  
7 cational organizations of such availability.”.

8 (e) AUTHORIZATION OF APPROPRIATIONS.—Section  
9 419N(g) is amended by striking “\$45,000,000 for fiscal  
10 year 1999” and inserting “\$75,000,000 for fiscal year  
11 2006”.

12 **SEC. 116. SUPPORT FOR COMMUNITY SERVICE IN COLLEGE**  
13 **WORK-STUDY PROGRAM.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—

15 (1) AMENDMENT.—Section 441(b) (20 U.S.C.  
16 2751(b)) is amended to read as follows:

17 “(b) AUTHORIZATION OF APPROPRIATIONS.—

18 “(1) IN GENERAL.—There are authorized to be  
19 appropriated to carry out this part (other than for  
20 community service competitive grants)—

21 “(A) \$1,500,000,000 for fiscal year 2006;

22 and

23 “(B) such sums as may be necessary for  
24 each of the 5 succeeding fiscal years.

1           “(2) COMMUNITY SERVICE COMPETITIVE  
2 GRANTS.—There are authorized to be appropriated  
3 to make community service competitive grants under  
4 section 447(b)—

5           “(A) \$350,000,000 for fiscal year 2006;  
6 and

7           “(B) such sums as may be necessary for  
8 each of the 5 succeeding fiscal years.”.

9           (2) CONFORMING AMENDMENTS.—Section 442  
10 (42 U.S.C. 2752) is amended by striking “section  
11 441(b)” each place it appears and inserting “section  
12 441(b)(1)”.

13          (b) COMPETITIVE COMMUNITY SERVICE GRANTS.—  
14 Section 447 (42 U.S.C. 2756a) is amended—

15           (1) by striking “Each institution” and inserting  
16 the following:

17           “(a) USE OF ADMINISTRATIVE FUNDS.—”; and

18           (2) by adding at the end the following new sub-  
19 section:

20           “(b) COMPETITIVE GRANTS TO FURTHER ENHANCE  
21 COMMUNITY SERVICE.—

22           “(1) GRANTS AUTHORIZED.—From the  
23 amounts appropriated under section 441(b)(2), the  
24 Secretary is authorized to award competitive grants  
25 to institutions that dedicate a significantly greater

1 proportion of their allocations under section 442 to  
2 providing community service opportunities under  
3 this part.

4 “(2) MINIMUM GRANT; DURATION.—The min-  
5 imum grant the Secretary shall award under this  
6 subsection shall be \$500,000, except that the Sec-  
7 retary may increase such amount based on the num-  
8 ber of participants and the level of community serv-  
9 ice. A grant awarded under this subsection shall be  
10 for a single academic year, but such grants may be  
11 continued in subsequent years to successful competi-  
12 tors.

13 “(3) APPLICATIONS; AGREEMENTS.—Any insti-  
14 tution of higher education desiring to obtain a grant  
15 under this subsection shall submit an application  
16 therefor to the Secretary at such time, in such form,  
17 and containing or accompanied by such information  
18 and agreements as the Secretary may require.”.

19 **SEC. 117. B.J. STUPAK OLYMPIC SCHOLARSHIPS.**

20 Section 1543(d) of the Higher Education Amend-  
21 ments of 1992 (20 U.S.C. 1070 note) is amended by strik-  
22 ing “1999” and inserting “2006”.

1       **TITLE II—TEACHER QUALITY**

2       **SEC. 201. TEACHER RECRUITING AND PREPARATION.**

3           (a) TEACH GRANTS.—Title II of the Higher Edu-  
4 cation Act of 1965 (20 U.S.C. 1021 et seq.) is amended  
5 by adding at the end the following new part:

6                           **“PART C—TEACH GRANTS**

7       **“SEC. 231. PURPOSES.**

8           “The purposes of the part are—

9                   “(1) to improve student academic achievement;

10                   “(2) to help recruit and prepare teachers to  
11 meet the national demand for a highly qualified  
12 teacher in every classroom; and

13                   “(3) to increase opportunities for Americans of  
14 all educational, ethnic, class, and geographic back-  
15 grounds to become highly qualified teachers.

16       **“SEC. 232. PROGRAM ESTABLISHED.**

17           “(a) PROGRAM AUTHORITY.—

18                   “(1) PAYMENTS REQUIRED.—For each of the  
19 fiscal years 2006 through 2013, the Secretary shall  
20 pay to each eligible institution such sums as may be  
21 necessary to pay to each eligible student (defined in  
22 accordance with section 484) who files an applica-  
23 tion and agreement in accordance with section 233,  
24 and qualifies under subsection (a)(2) of such section,  
25 a TEACH Grant in the amount of \$4,000 for each

1 academic year during which that student is in at-  
2 tendance at an institution of higher education.

3 “(2) REFERENCE.—Grants made under this  
4 part shall be known as ‘Teacher Education Assis-  
5 tance for College and Higher Education Grants’ or  
6 ‘TEACH Grants’.

7 “(b) PAYMENT METHODOLOGY.—

8 “(1) PREPAYMENT.—Not less than 85 percent  
9 of such sums shall be advanced to eligible institu-  
10 tions prior to the start of each payment period and  
11 shall be based upon an amount requested by the in-  
12 stitution as needed to pay eligible students until  
13 such time as the Secretary determines and publishes  
14 in the Federal Register with an opportunity for com-  
15 ment, an alternative payment system that provides  
16 payments to institutions in an accurate and timely  
17 manner, except that this sentence shall not be con-  
18 strued to limit the authority of the Secretary to  
19 place an institution on a reimbursement system of  
20 payment.

21 “(2) DIRECT PAYMENT.—Nothing in this sec-  
22 tion shall be interpreted to prohibit the Secretary  
23 from paying directly to students, in advance of the  
24 beginning of the academic term, an amount for  
25 which they are eligible, in cases where the eligible in-



1       stitution elects not to participate in the disburse-  
2       ment system required by paragraph (1).

3               “(3) DISTRIBUTION OF GRANTS TO STU-  
4       DENTS.—Payments under this part shall be made, in  
5       accordance with regulations promulgated by the Sec-  
6       retary for such purpose, in such manner as will best  
7       accomplish the purpose of this part. Any disburse-  
8       ment allowed to be made by crediting the student’s  
9       account shall be limited to tuition and fees and, in  
10      the case of institutionally owned housing, room and  
11      board. The student may elect to have the institution  
12      provide other such goods and services by crediting  
13      the student’s account.

14              “(c) REDUCTIONS IN AMOUNT.—

15              “(1) PART TIME STUDENTS.—In any case  
16      where a student attends an institution of higher edu-  
17      cation on less than a full-time basis (including a stu-  
18      dent who attends an institution of higher education  
19      on less than a half-time basis) during any academic  
20      year, the amount of the TEACH Grant for which  
21      that student is eligible shall be reduced in proportion  
22      to the degree to which that student is not so attend-  
23      ing on a full-time basis, in accordance with a sched-  
24      ule of reductions established by the Secretary for the  
25      purposes of this part, computed in accordance with

1 this part. Such schedule of reductions shall be estab-  
2 lished by regulation and published in the Federal  
3 Register in accordance with section 482 of this Act.

4 “(2) NO EXCEEDING COST.—No TEACH Grant  
5 under this part shall exceed the the cost of attend-  
6 ance (as defined in section 472) at the institution at  
7 which that student is in attendance. If, with respect  
8 to any student, it is determined that the amount of  
9 a TEACH Grant exceeds the cost of attendance for  
10 that year, the amount of the TEACH Grant shall be  
11 reduced until the TEACH Grant does not exceed the  
12 cost of attendance at such institution.

13 “(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

14 “(1) UNDERGRADUATE STUDENTS.—The period  
15 during which an undergraduate student may receive  
16 TEACH Grants shall be the period required for the  
17 completion of the first undergraduate baccalaureate  
18 course of study being pursued by that student at the  
19 institution at which the student is in attendance ex-  
20 cept that—

21 “(A) any period during which the student  
22 is enrolled in a noncredit or remedial course of  
23 study as defined in paragraph (3) shall not be  
24 counted for the purpose of this paragraph; and

1           “(B) the total amount that a student may  
2           receive under this part for undergraduate study  
3           shall not exceed \$16,000.

4           “(2) GRADUATE STUDENTS.—The period dur-  
5           ing which a graduate student may receive TEACH  
6           Grants shall be the period required for the comple-  
7           tion of a master’s degree course of study being pur-  
8           sued by that student at the institution at which the  
9           student is in attendance, except that the total  
10          amount that a student may receive under this part  
11          for graduate study shall not exceed \$8,000.

12          “(3) REMEDIAL COURSE; STUDY ABROAD.—  
13          Nothing in this section shall exclude from eligibility  
14          courses of study which are noncredit or remedial in  
15          nature (including courses in English language acqui-  
16          sition) which are determined by the institution to be  
17          necessary to help the student be prepared for the  
18          pursuit of a first undergraduate baccalaureate de-  
19          gree or certificate or, in the case of courses in  
20          English language instruction, to be necessary to en-  
21          able the student to utilize already existing knowl-  
22          edge, training, or skills. Nothing in this section shall  
23          exclude from eligibility programs of study abroad  
24          that are approved for credit by the home institution  
25          at which the student is enrolled.

1 **“SEC. 233. ELIGIBILITY AND APPLICATIONS FOR GRANTS.**

2       “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-  
3 BILITY.—

4               “(1) FILING REQUIRED.—The Secretary shall  
5 from time to time set dates by which students shall  
6 file applications for TEACH Grants under this part.  
7 Each student desiring a TEACH Grant for any year  
8 shall file an application therefore containing such in-  
9 formation and assurances as the Secretary may  
10 deem necessary to enable the Secretary to carry out  
11 the functions and responsibilities of this part.

12               “(2) DEMONSTRATION OF ELIGIBILITY.—Each  
13 such application shall contain such information as is  
14 necessary to demonstrate that—

15                       “(A) if the applicant is an enrolled stu-  
16 dent—

17                               “(i) the student is an eligible student  
18 for purposes of section 484 (other than  
19 subsection (r) of such section);

20                               “(ii) the student—

21                                       “(I) has a grade point average  
22 that is determined, under standards  
23 prescribed by the Secretary, to be  
24 comparable to a 3.25 average on a  
25 zero to 4.0 scale, except that, if the  
26 student is in the first year of a pro-

1           gram of undergraduate education,  
2           such grade point average shall be de-  
3           termined on the basis of the student’s  
4           cumulative high school grade point av-  
5           erage; or

6                   “(II) displayed high academic ap-  
7                   titude by receiving a score above the  
8                   75th percentile on at least one of the  
9                   batteries in a undergraduate or grad-  
10                  uate school admissions test; and

11                   “(iii) the student is completing  
12                  coursework and other requirements nec-  
13                  essary to begin a career in teaching, or  
14                  plans to complete such coursework and re-  
15                  quirements prior to graduating; or

16                   “(B) if the applicant is a current or pro-  
17                  spective teacher applying for a grant to obtain  
18                  a graduate degree—

19                   “(i) the applicant is a teacher or a re-  
20                  tiree from another occupation with exper-  
21                  tise in a field in which there is a shortage  
22                  of teachers, such as math, science, special  
23                  education, English language acquisition, or  
24                  another high-need subject; or

1                   “(ii) the applicant is or was a teacher  
2                   who is using high-quality alternative cer-  
3                   tification routes, such as Teach for Amer-  
4                   ica, to get certified.

5           “(b) AGREEMENTS TO SERVE.—Each application  
6 under subsection (a) shall contain or be accompanied by  
7 an agreement by the applicant that—

8                   “(1) the applicant will—

9                   “(A) serve as a full-time teacher for a total  
10                  of not less than 4 academic years within 8  
11                  years after completing the course of study for  
12                  which the applicant received a TEACH Grant  
13                  under this part;

14                  “(B) teach—

15                         “(i) in a school described in section  
16                         465(a)(2)(A); and

17                         “(ii) in any of the following fields:  
18                         mathematics, science, a foreign language,  
19                         bilingual education, or special education, or  
20                         as a reading specialist, or another field  
21                         documented as high-need by the Federal  
22                         Government, State government, or local  
23                         education agency and submitted to the  
24                         Secretary;

1           “(C) submit evidence of such employment  
2           in the form of a certification by the chief ad-  
3           ministrative officer of the school upon comple-  
4           tion of each year of such service; and

5           “(D) comply with the requirements for  
6           being a highly qualified teacher as defined in  
7           section 9101 of the Elementary and Secondary  
8           Education Act of 1965; and

9           “(2) in the event that the applicant is deter-  
10          mined to have failed or refused to carry out such  
11          service obligation, the sum of the amounts of such  
12          Grants will be treated as a loan and collected from  
13          the applicant in accordance with subsection (c) and  
14          the regulations thereunder.

15          “(c) REPAYMENT FOR FAILURE TO COMPLETE SERV-  
16          ICE.—In the event that any recipient of an TEACH Grant  
17          fails or refuses to comply with the service obligation in  
18          the agreement under subsection (b), the sum of the  
19          amounts of such Grants provided to such recipient shall  
20          be treated as a Direct Loan under part D of title IV, and  
21          shall be subject to repayment in accordance with terms  
22          and conditions specified by the Secretary in regulations  
23          under this part.”.

24          (b) RECRUITING TEACHERS WITH MATH, SCIENCE,  
25          OR LANGUAGE MAJOR.—Title II of the Higher Education

1 Act of 1965 is further amended by adding after part C  
2 (as added by subsection (a)) the following new part:

3 **“PART D—RECRUITING TEACHERS WITH MATH,**  
4 **SCIENCE, OR LANGUAGE MAJORS**

5 **“SEC. 241. PROGRAM AUTHORIZED.**

6 “(a) GRANTS AUTHORIZED.—From the amounts ap-  
7 propriated under section 242, the Secretary shall make  
8 competitive grants to institutions of higher education to  
9 improve the availability and recruitment of teachers from  
10 among students majoring in math, science, foreign lan-  
11 guages, special education, or teaching the English lan-  
12 guage to students with limited English proficiency. In  
13 making such grants, the Secretary shall give priority to  
14 programs that focus on preparing teachers in subjects in  
15 which there is a shortage of highly qualified teachers and  
16 that prepare students to teach in high-need schools.

17 “(b) APPLICATION.—Any institution of higher edu-  
18 cation desiring to obtain a grant under this part shall sub-  
19 mit to the Secretary an application at such time, in such  
20 form, and containing such information and assurances as  
21 the Secretary may require, which shall—

22 “(1) include reporting on baseline production of  
23 teachers with expertise in math, science, a foreign  
24 language, or teaching English language learners;  
25 and



1           “(2) establish a goal and timeline for increasing  
2           the number of such teachers who are prepared by  
3           the institution.

4           “(c) USE OF FUNDS.—Funds made available by  
5           grant under this part—

6           “(1) shall be used to create new recruitment in-  
7           centives to teaching from other majors, with an em-  
8           phasis on high-need subjects such as math, science,  
9           foreign languages, and teaching the English lan-  
10          guage to students with limited English proficiency;

11          “(2) may be used to upgrade curriculum in  
12          order to provide all students studying to become  
13          teachers with high-quality instructional strategies for  
14          teaching reading and teaching the English language  
15          to students with limited English proficiency, and for  
16          modifying instruction to teach students with special  
17          needs;

18          “(3) may be used to integrate school of edu-  
19          cation faculty with other arts and science faculty in  
20          math, science, foreign languages, and teaching the  
21          English language to students with limited English  
22          proficiency through steps such as—

23                  “(A) dual appointments for faculty be-  
24                  tween schools of education and schools of arts  
25                  and science; and

1           “(B) integrating coursework with clinical  
2           experience; and

3           “(4) may be used to develop strategic plans be-  
4           tween schools of education and local school districts  
5           to better prepare teachers for high-need schools, in-  
6           cluding the creation of professional development  
7           partnerships for training new teachers in state-of-  
8           the-art practice.

9   **“SEC. 242. AUTHORIZATION OF APPROPRIATIONS.**

10          “‘There are authorized to be appropriated to make  
11          grants under this part \$200,000,000 for fiscal year 2006  
12          and such sums as may be necessary for each of the 5 suc-  
13          ceeding fiscal years.’”.

14          (c) PART A AUTHORIZATION.—Section 210 of the  
15          Higher Education Act of 1965 (20 U.S.C. 1030) is  
16          amended—

17                  (1) by striking “\$300,000,000 for fiscal year  
18                  1999” and inserting “\$400,000,000 for fiscal year  
19                  2006”; and

20                  (2) by striking “4 succeeding” and inserting “5  
21                  succeeding”.

22   **SEC. 202. TEACHER QUALITY ENHANCEMENT GRANTS.**

23          Part A of title II of the Higher Education Act of  
24          1965 is amended by striking sections 206 through 209  
25          (20 U.S.C. 1026–1029) and inserting the following:

1 **“SEC. 206. ACCOUNTABILITY AND EVALUATION.**

2       “(a) STATE GRANT ACCOUNTABILITY REPORT.—An  
3 eligible State that receives a grant under section 202 shall  
4 submit an annual accountability report to the Secretary,  
5 the Committee on Health, Education, Labor, and Pen-  
6 sions of the Senate, and the Committee on Education and  
7 the Workforce of the House of Representatives. Such re-  
8 port shall include a description of the degree to which the  
9 eligible State, in using funds provided under such section,  
10 has made substantial progress in meeting the following  
11 goals:

12               “(1) PERCENTAGE OF HIGHLY QUALIFIED  
13 TEACHERS.—Increasing the percentage of highly  
14 qualified teachers in the State as required by section  
15 1119 of the Elementary and Secondary Education  
16 Act of 1965 (20 U.S.C. 6319).

17               “(2) STUDENT ACADEMIC ACHIEVEMENT.—In-  
18 creasing student academic achievement for all stu-  
19 dents, which may be measured through the use of  
20 value-added assessments, as defined by the eligible  
21 State.

22               “(3) RAISING STANDARDS.—Raising the State  
23 academic standards required to enter the teaching  
24 profession as a highly qualified teacher.

25               “(4) INITIAL CERTIFICATION OR LICENSURE.—  
26 Increasing success in the pass rate for initial State

1 teacher certification or licensure, or increasing the  
2 numbers of qualified individuals being certified or li-  
3 censed as teachers through alternative routes to cer-  
4 tification and licensure.

5 “(5) DECREASING TEACHER SHORTAGES.—De-  
6 creasing shortages of highly qualified teachers in  
7 poor urban and rural areas.

8 “(6) INCREASING OPPORTUNITIES FOR RE-  
9 SEARCH-BASED PROFESSIONAL DEVELOPMENT.—In-  
10 creasing opportunities for enhanced and ongoing  
11 professional development that—

12 “(A) improves the academic content knowl-  
13 edge of teachers in the subject areas in which  
14 the teachers are certified or licensed to teach or  
15 in which the teachers are working toward cer-  
16 tification or licensure to teach; and

17 “(B) promotes strong teaching skills.

18 “(7) TECHNOLOGY INTEGRATION.—Increasing  
19 the number of teachers prepared effectively to inte-  
20 grate technology into curricula and instruction and  
21 who use technology to collect, manage, and analyze  
22 data to improve teaching, learning, and parental in-  
23 volvement decisionmaking for the purpose of increas-  
24 ing student academic achievement.

1       “(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each  
2 eligible partnership applying for a grant under section 203  
3 shall establish, and include in the application submitted  
4 under section 203(c), an evaluation plan that includes  
5 strong performance objectives. The plan shall include ob-  
6 jectives and measures for—

7               “(1) increased student achievement for all stu-  
8 dents, as measured by the partnership;

9               “(2) increased teacher retention in the first 3  
10 years of a teacher’s career;

11              “(3) increased success in the pass rate for ini-  
12 tial State certification or licensure of teachers;

13              “(4) increased percentage of highly qualified  
14 teachers; and

15              “(5) increasing the number of teachers trained  
16 effectively to integrate technology into curricula and  
17 instruction and who use technology to collect, man-  
18 age, and analyze data to improve teaching, learning,  
19 and decisionmaking for the purpose of improving  
20 student academic achievement.

21       “(c) REVOCATION OF GRANT.—

22              “(1) REPORT.—Each eligible State or eligible  
23 partnership receiving a grant under section 202 or  
24 203 shall report annually on the progress of the eli-  
25 gible State or eligible partnership toward meeting

1 the purposes of this part and the goals, objectives,  
2 and measures described in subsections (a) and (b).

3 “(2) REVOCATION.—

4 “(A) ELIGIBLE STATES AND ELIGIBLE AP-  
5 PPLICANTS.—If the Secretary determines that an  
6 eligible State or eligible applicant is not making  
7 substantial progress in meeting the purposes,  
8 goals, objectives, and measures, as appropriate,  
9 by the end of the second year of a grant under  
10 this part, then the grant payment shall not be  
11 made for the third year of the grant.

12 “(B) ELIGIBLE PARTNERSHIPS.—If the  
13 Secretary determines that an eligible partner-  
14 ship is not making substantial progress in  
15 meeting the purposes, goals, objectives, and  
16 measures, as appropriate, by the end of the  
17 third year of a grant under this part, then the  
18 grant payments shall not be made for any suc-  
19 ceeding year of the grant.

20 “(d) EVALUATION AND DISSEMINATION.—The Sec-  
21 retary shall evaluate the activities funded under this part  
22 and report annually the Secretary’s findings regarding the  
23 activities to the Committee on Health, Education, Labor,  
24 and Pensions of the Senate and the Committee on Edu-  
25 cation and the Workforce of the House of Representatives.

1 The Secretary shall broadly disseminate successful prac-  
2 tices developed by eligible States and eligible partnerships  
3 under this part, and shall broadly disseminate information  
4 regarding such practices that were found to be ineffective.

5 **“SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PRE-**  
6 **PARE TEACHERS.**

7 “(a) STATE REPORT CARD ON THE QUALITY OF  
8 TEACHER AND PRINCIPAL PREPARATION.—Each State  
9 that receives funds under this Act shall provide to the Sec-  
10 retary annually, in a uniform and comprehensible manner  
11 that conforms with the definitions and methods estab-  
12 lished by the Secretary, a State report card on the quality  
13 of teacher preparation in the State, both for traditional  
14 certification or licensure programs and for alternative cer-  
15 tification or licensure programs, which shall include at  
16 least the following:

17 “(1) A description of the teacher and principal  
18 certification and licensure assessments, and any  
19 other certification and licensure requirements, used  
20 by the State.

21 “(2) The standards and criteria that prospec-  
22 tive teachers and principals must meet in order to  
23 attain initial teacher and principal certification or li-  
24 censure and to be certified or licensed to teach par-

1 particular subjects or in particular grades within the  
2 State.

3 “(3) A demonstration of the extent to which the  
4 assessments and requirements described in para-  
5 graph (1) are aligned with the State’s standards and  
6 assessments for students.

7 “(4) The percentage of students who have com-  
8 pleted at least 50 percent of the requirements for a  
9 teacher preparation program at an institution of  
10 higher education or alternative certification program  
11 and who have taken and passed each of the assess-  
12 ments used by the State for teacher certification and  
13 licensure, and the passing score on each assessment  
14 that determines whether a candidate has passed that  
15 assessment.

16 “(5) For students who have completed at least  
17 50 percent of the requirements for a teacher prepa-  
18 ration program at an institution of higher education  
19 or alternative certification program, and who have  
20 taken and passed each of the assessments used by  
21 the State for teacher certification and licensure,  
22 each such institution’s and each such program’s av-  
23 erage raw score, ranked by teacher preparation pro-  
24 gram, which shall be made available widely and pub-  
25 licly.



1           “(6) A description of each State’s alternative  
2 routes to teacher certification, if any, and the num-  
3 ber and percentage of teachers certified through  
4 each alternative certification route who pass State  
5 teacher certification or licensure assessments.

6           “(7) For each State, a description of proposed  
7 criteria for assessing the performance of teacher and  
8 principal preparation programs in the State, includ-  
9 ing indicators of teacher and principal candidate  
10 skills, placement and retention rates (to the extent  
11 feasible), and academic content knowledge and evi-  
12 dence of gains in student academic achievement.

13           “(8) For each teacher preparation program in  
14 the State, the number of students in the program,  
15 the number of minority students in the program, the  
16 average number of hours of supervised practice  
17 teaching required for those in the program, and the  
18 number of full-time equivalent faculty, adjunct fac-  
19 ulty, and students in supervised practice teaching.

20           “(9) For the State as a whole, and for each  
21 teacher preparation program in the State, the num-  
22 ber of teachers prepared, in the aggregate and re-  
23 ported separately by—

24                   “(A) number of minority students;

25                   “(B) level (elementary or secondary);

1 “(C) academic major;

2 “(D) subject or subjects for which the stu-  
3 dent has been prepared to teach; and

4 “(E) teacher candidates who speak a lan-  
5 guage other than English and have been trained  
6 specifically to teach English-language learners.

7 “(10) The State shall refer to the data gen-  
8 erated for paragraph (9) to report on the extent to  
9 which teacher preparation programs are helping to  
10 address shortages of qualified teachers, by level, sub-  
11 ject, and specialty, in the State’s public schools, es-  
12 pecially in poor urban and rural areas as required by  
13 section 206(a)(5).

14 “(b) REPORT OF THE SECRETARY ON THE QUALITY  
15 OF TEACHER PREPARATION.—

16 “(1) REPORT CARD.—The Secretary shall pro-  
17 vide to Congress, and publish and make widely avail-  
18 able, a report card on teacher qualifications and  
19 preparation in the United States, including all the  
20 information reported in paragraphs (1) through (11)  
21 of subsection (a). Such report shall identify States  
22 for which eligible States and eligible partnerships re-  
23 ceived a grant under this part. Such report shall be  
24 so provided, published and made available annually.

1           “(2) REPORT TO CONGRESS.—The Secretary  
2 shall report to Congress—

3           “(A) a comparison of States efforts to im-  
4 prove teaching quality; and

5           “(B) regarding the national mean and me-  
6 dian scores on any standardized test that is  
7 used in more than 1 State for teacher certifi-  
8 cation or licensure.

9           “(3) SPECIAL RULE.—In the case of programs  
10 with fewer than 10 students who have completed at  
11 least 50 percent of the requirements for a teacher  
12 preparation program taking any single initial teacher  
13 certification or licensure assessment during an aca-  
14 demic year, the Secretary shall collect and publish  
15 information with respect to an average pass rate on  
16 State certification or licensure assessments taken  
17 over a 3-year period.

18           “(c) COORDINATION.—The Secretary, to the extent  
19 practicable, shall coordinate the information collected and  
20 published under this part among States for individuals  
21 who took State teacher certification or licensure assess-  
22 ments in a State other than the State in which the indi-  
23 vidual received the individual’s most recent degree.

24           “(d) INSTITUTION AND PROGRAM REPORT CARDS ON  
25 QUALITY OF TEACHER PREPARATION.—

1           “(1) REPORT CARD.—Each institution of higher  
2 education or alternative certification program that  
3 conducts a teacher preparation program that enrolls  
4 students receiving Federal assistance under this Act  
5 shall report annually to the State and the general  
6 public, in a uniform and comprehensible manner  
7 that conforms with the definitions and methods es-  
8 tablished by the Secretary, both for traditional cer-  
9 tification or licensure programs and for alternative  
10 certification or licensure programs, the following in-  
11 formation, disaggregated by major racial and ethnic  
12 groups:

13                   “(A) PASS RATE.—(i) For the most recent  
14 year for which the information is available, the  
15 pass rate of each student who has completed at  
16 least 50 percent of the requirements for the  
17 teacher preparation program on the teacher cer-  
18 tification or licensure assessments of the State  
19 in which the institution is located, but only for  
20 those students who took those assessments  
21 within 3 years of receiving a degree from the  
22 institution or completing the program.

23                   “(ii) A comparison of the institution or  
24 program’s pass rate for students who have com-  
25 pleted at least 50 percent of the requirements

1 for the teacher preparation program with the  
2 average pass rate for institutions and programs  
3 in the State.

4 “(iii) A comparison of the institution or  
5 program’s average raw score for students who  
6 have completed at least 50 percent of the re-  
7 quirements for the teacher preparation program  
8 with the average raw scores for institutions and  
9 programs in the State.

10 “(iv) In the case of programs with fewer  
11 than 10 students who have completed at least  
12 50 percent of the requirements for a teacher  
13 preparation program taking any single initial  
14 teacher certification or licensure assessment  
15 during an academic year, the institution shall  
16 collect and publish information with respect to  
17 an average pass rate on State certification or li-  
18 censure assessments taken over a 3-year period.

19 “(v) A report on the number of times can-  
20 didates have to take the test before passing.

21 “(B) PROGRAM INFORMATION.—The num-  
22 ber of students in the program, the average  
23 number of hours of supervised practice teaching  
24 required for those in the program, and the

1 number of full-time equivalent faculty and stu-  
2 dents in supervised practice teaching.

3 “(C) STATEMENT.—In States that require  
4 approval or accreditation of teacher education  
5 programs, a statement of whether the institu-  
6 tion’s program is so approved or accredited,  
7 and by whom.

8 “(D) DESIGNATION AS LOW-PER-  
9 FORMING.—Whether the program has been des-  
10 ignated as low-performing by the State under  
11 section 208(a).

12 “(2) REQUIREMENT.—The information de-  
13 scribed in paragraph (1) shall be reported through  
14 publications such as school catalogs and promotional  
15 materials sent to potential applicants, secondary  
16 school guidance counselors, and prospective employ-  
17 ers of the institution’s program graduates, including  
18 materials sent by electronic means.

19 “(3) FINES.—In addition to the actions author-  
20 ized in section 487(e), the Secretary may impose a  
21 fine not to exceed \$25,000 on an institution of high-  
22 er education for failure to provide the information  
23 described in this subsection in a timely or accurate  
24 manner.

25 “(e) DATA QUALITY.—Either—

1           “(1) the Governor of the State; or

2           “(2) in the case of a State for which the con-  
3           stitution or law of such State designates another in-  
4           dividual, entity, or agency in the State to be respon-  
5           sible for teacher certification and preparation activ-  
6           ity, such individual, entity, or agency;

7 shall attest annually, in writing, as to the reliability, valid-  
8 ity, integrity, and accuracy of the data submitted pursuant  
9 to this section.

10 **“SEC. 208. STATE FUNCTIONS.**

11           “(a) STATE ASSESSMENT.—In order to receive funds  
12 under this Act, a State shall have in place a procedure  
13 to identify and assist, through the provision of technical  
14 assistance, low-performing programs of teacher prepara-  
15 tion within institutions of higher education. Such State  
16 shall provide the Secretary an annual list of such low-per-  
17 forming institutions that includes an identification of  
18 those institutions at risk of being placed on such list. Such  
19 levels of performance shall be determined solely by the  
20 State and may include criteria based upon information col-  
21 lected pursuant to this part. Such assessment shall be de-  
22 scribed in the report under section 207(a). A State receiv-  
23 ing Federal funds under this title shall develop plans to  
24 close or reconstitute underperforming programs of teacher  
25 preparation within institutions of higher education.

1       “(b) **TERMINATION OF ELIGIBILITY.**—Any institu-  
2 tion of higher education that offers a program of teacher  
3 preparation in which the State has withdrawn the State’s  
4 approval or terminated the State’s financial support due  
5 to the low performance of the institution’s teacher prepa-  
6 ration program based upon the State assessment described  
7 in subsection (a)—

8               “(1) shall be ineligible for any funding for pro-  
9 fessional development activities awarded by the De-  
10 partment of Education; and

11               “(2) shall not be permitted to accept or enroll  
12 any student who receives aid under title IV of this  
13 Act in the institution’s teacher preparation program.

14 **“SEC. 209. GENERAL PROVISIONS.**

15       “**In complying with sections 207 and 208, the Sec-**  
16 **retary shall ensure that States and institutions of higher**  
17 **education use fair and equitable methods in reporting and**  
18 **that the reporting methods do not allow identification of**  
19 **individuals.”.**

20               **TITLE III—ENHANCING**  
21               **COLLEGE OUTREACH**

22 **SEC. 301. FEDERAL TRIO PROGRAM.**

23       (a) **TRIO DURATION OF GRANT.**—Section 402A(b)  
24 (20 U.S.C. 1070a–11(b)) is amended by striking para-  
25 graph (2) and inserting the following:



1           “(2) DURATION.—Grants or contracts made  
2           under this chapter shall be awarded for a period of  
3           5 years, except that—

4                   “(A) grants made under section 402G shall  
5                   be awarded for a period of 2 years; and

6                   “(B) grants under section 402H shall be  
7                   awarded for a period determined by the Sec-  
8                   retary.”.

9           (b) MINIMUM GRANTS.—Section 402A(b)(3) is  
10           amended—

11                   (1) by striking “\$170,000” and inserting  
12                   “\$200,000”;

13                   (2) by striking “\$180,000” and inserting  
14                   “\$210,000”; and

15                   (3) by striking “\$190,000” and inserting  
16                   “\$220,000”.

17           (c) MAXIMUM UPWARD BOUND STIPENDS.—Section  
18           402C(e) (20 U.S.C. 1070a–13(e)) is amended—

19                   (1) by striking “\$60” and inserting “\$100”;  
20                   and

21                   (2) by striking “\$40” and inserting “\$60”.

22           (d) MAXIMUM MCNAIR STIPENDS.—Section  
23           402E(e)(1) (20 U.S.C. 1070a–15(e)(1)) is amended by  
24           striking “\$2,800” and inserting “\$5,000”.

1 **SEC. 302. GEARUP.**

2 (a) CURRENT GRANTEES.—Section 404A(b)(1) (20  
3 U.S.C. 1070a–21(b)(1)) is amended—

4 (1) by inserting “6-year” after “shall make”;  
5 and

6 (2) by adding at the end the following: “An eli-  
7 gible entity that has received an award under this  
8 section, has performed successfully, and still has a  
9 need for an award may apply for an additional  
10 award under this section.”.

11 (b) ELIGIBLE ENTITY PLANS.—Section 404C(a)(2)  
12 (20 U.S.C. 1070a–23(a)(2)) is amended—

13 (1) by striking “and” at the end of subpara-  
14 graph (A);

15 (2) by redesignating subparagraph (B) as sub-  
16 paragraph (C); and

17 (3) by inserting after subparagraph (A) the fol-  
18 lowing new subparagraph:

19 “(B) describe activities for coordinating,  
20 complementing, and enhancing services under  
21 this chapter provided by other eligible entities  
22 in the State; and”.

23 **SEC. 303. LEVERAGING EDUCATIONAL ASSISTANCE PART-**  
24 **NERSHIP.**

25 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
26 415A(b)(1) (20 U.S.C. 1070c(b)(1)) is amended—

1 (1) by striking “\$105,000,000 for fiscal year  
2 1999” and inserting “\$200,000,000 for fiscal year  
3 2004”; and

4 (2) by striking “4 succeeding fiscal years” and  
5 inserting “5 succeeding fiscal years”.

6 (b) MAXIMUM GRANT.—Section 415C(b)(2) (20  
7 U.S.C. 1070c–2(b)(2)) is amended by striking “\$5,000”  
8 and inserting “\$12,500”.

9 **TITLE IV—OPPORTUNITIES AT**  
10 **HISPANIC-SERVING COL-**  
11 **LEGES AND UNIVERSITIES**

12 **SEC. 401. POSTBACCALAUREATE OPPORTUNITIES FOR HIS-**  
13 **PANIC AMERICANS.**

14 (a) ESTABLISHMENT OF PROGRAM.—Title V of the  
15 Higher Education Act is amended—

16 (1) by redesignating part B as part C;

17 (2) by redesignating section 511 through 518  
18 as sections 521 through 528, respectively; and

19 (3) inserting after section 505 (20 U.S.C.  
20 1101d) the following new part:

21 **“PART B—PROMOTING POSTBACCALAUREATE**  
22 **OPPORTUNITIES FOR HISPANIC AMERICANS**

23 **“SEC. 511. FINDINGS AND PURPOSES.**

24 **“(a) FINDINGS.—Congress finds the following:**

1           “(1) According to the United States Census, by  
2 the year 2050 one in four Americans will be of His-  
3 panic origin.

4           “(2) Despite the dramatic increase in the His-  
5 panic population in the United States, the National  
6 Center for Education Statistics reported that in  
7 1999, Hispanics accounted for only 4 percent of the  
8 master’s degrees, 3 percent of the doctor’s degrees,  
9 and 5 percent of first-professional degrees awarded  
10 in the United States.

11           “(3) Although Hispanics constitute 10 percent  
12 of the college enrollment in the United States, they  
13 comprise 3 only percent of instructional faculty in  
14 college and universities.

15           “(4) The future capacity for research and ad-  
16 vanced study in the United States will require in-  
17 creasing the number of Hispanics pursuing  
18 postbaccalaureate studies.

19           “(5) Hispanic-serving institutions are leading  
20 the nation in increasing the number of Hispanics at-  
21 taining graduate and professional degrees.

22           “(6) Among Hispanics who received master’s  
23 degrees in 1999–2000, 25 percent earned them at  
24 Hispanic-serving institutions.

1           “(7) Between 1991 and 2000, the number of  
2 Hispanic students earning master’s degrees at His-  
3 panic-serving institutions grew 136 percent, the  
4 number receiving doctor’s degrees grew by 85 per-  
5 cent, and the number earning first-professional de-  
6 grees grew by 47 percent.

7           “(8) It is in the National interest to expand the  
8 capacity of Hispanic-serving institutions to offer  
9 graduate and professional degree programs.

10          “(b) PURPOSES.—The purposes of this part are—

11           “(1) to expand postbaccalaureate educational  
12 opportunities for, and improve the academic attain-  
13 ment of, Hispanic students; and

14           “(2) to expand and enhance the  
15 postbaccalaureate academic offerings, program qual-  
16 ity, that are educating the majority of Hispanic col-  
17 lege students and helping large numbers of Hispanic  
18 students and other low-income individuals complete  
19 postsecondary degrees.

20          **“SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.**

21           “(a) PROGRAM AUTHORIZED.—Subject to the avail-  
22 ability of funds appropriated to carry out this part, the  
23 Secretary shall award competitive grants to Hispanic-serv-  
24 ing institutions that offer postbaccalaureate certifications  
25 or degrees.

1       “(b) ELIGIBILITY.—For the purposes of this part, an  
2 ‘eligible institution’ means an institution of higher edu-  
3 cation that—

4           “(1) is an eligible institution under section 502;  
5       and

6           “(2) offers a postbaccalaureate certificate or de-  
7       gree granting program.

8 **“SEC. 513. AUTHORIZED ACTIVITIES.**

9       “Grants awarded under this part shall be used for  
10 one or more of the following activities:

11           “(1) Purchase, rental, or lease of scientific or  
12       laboratory equipment for educational purposes, in-  
13       cluding instructional and research purposes.

14           “(2) Construction, maintenance, renovation,  
15       and improvement in classroom, library, laboratory,  
16       and other instructional facilities, including purchase  
17       or rental of telecommunications technology equip-  
18       ment or services.

19           “(3) Purchase of library books, periodicals,  
20       technical and other scientific journals, microfilm,  
21       microfiche, and other educational materials, includ-  
22       ing telecommunications program materials.

23           “(4) Support for needy postbaccalaureate stu-  
24       dents including outreach, academic support services,  
25       mentoring, scholarships, fellowships, and other fi-

1 nancial assistance to permit the enrollment of such  
2 students in postbaccalaureate certificate and degree  
3 granting programs.

4 “(5) Support of faculty exchanges, faculty de-  
5 velopment, faculty research, curriculum development,  
6 and academic instruction.

7 “(6) Creating or improving facilities for Inter-  
8 net or other distance learning academic instruction  
9 capabilities, including purchase or rental of tele-  
10 communications technology equipment or services.

11 “(7) Collaboration with other institutions of  
12 higher education to expand postbaccalaureate certifi-  
13 cate and degree offerings.

14 “(8) Other activities proposed in the application  
15 submitted pursuant to section 514 that—

16 “(A) contribute to carrying out the pur-  
17 poses of this part; and

18 “(B) are approved by the Secretary as part  
19 of the review and acceptance of such applica-  
20 tion.

21 **“SEC. 514. APPLICATION AND DURATION.**

22 “(a) APPLICATION.—Any eligible institution may  
23 apply for a grant under this part by submitting an applica-  
24 tion to the Secretary at such time and in such manner  
25 as determined by the Secretary. Such application shall

1 demonstrate how the grant funds will be used to improve  
2 postbaccalaureate education opportunities for Hispanic  
3 and low-income students and will lead to greater financial  
4 independence.

5 “(b) DURATION.—Grants under this part shall be  
6 awarded for a period not to exceed 5 years.

7 “(c) LIMITATION.—The Secretary shall not award  
8 more than 1 grant under this part in any fiscal year to  
9 any Hispanic-serving institution.”.

10 (b) COOPERATIVE ARRANGEMENTS.—Section 524 of  
11 such Act (as redesignated by subsection (a)(2)) (20 U.S.C.  
12 1103c) is amended by inserting “and section 513” after  
13 “section 503”.

14 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS FOR HIS-**  
15 **PANIC SERVING INSTITUTIONS.**

16 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-  
17 section (a) of section 528 of such Act (as redesignated  
18 by section 401(a)(2)) (20 U.S.C. 1103g) is amended to  
19 read as follows:

20 “(a) AUTHORIZATIONS.—

21 “(1) PART A.—There are authorized to be ap-  
22 propriated to carry out part A of this title  
23 \$175,000,000 for fiscal year 2005 and such sums as  
24 may be necessary for each of the 5 succeeding fiscal  
25 years.



1           “(2) PART B.—There are authorized to be ap-  
2           propriated to carry out part B of this title  
3           \$125,000,000 for fiscal year 2005 and such sums as  
4           may be necessary for each of the 5 succeeding fiscal  
5           years.”.

6           (b) DEFINITIONS.—Section 502(a) of the Higher  
7           Education Act of 1965 (20 U.S.C. 1101a(a)) is amend-  
8           ed—

9                   (1) in paragraph (5)—

10                           (A) by inserting “and” after the semicolon  
11                           at the end of subparagraph (A);

12                           (B) by striking “; and” at the end of sub-  
13                           paragraph (B) and inserting a period; and

14                           (C) by striking subparagraph (C); and

15                   (2) by striking paragraph (7).

16           (c) REDUCING REGULATORY BARRIERS FOR HIS-  
17           PANIC-SERVING INSTITUTIONS.—Section 503(b) of the  
18           Higher Education Act of 1965 (20 U.S.C. 1101b(a)) is  
19           amended by striking paragraph (7) and inserting the fol-  
20           lowing:

21                   “(7) Articulation agreements and student sup-  
22                   port programs designed to facilitate the transfer  
23                   from two-year to four-year institutions.”.

24           (d) ELIMINATION OF WAIT-OUT PERIOD.—Sub-  
25           section (a) of section 504 of the Higher Education Act

1 of 1965 (20 U.S.C. 1101c(a)) is amended to read as fol-  
2 lows:

3 “(a) AWARD PERIOD.—The Secretary may award a  
4 grant to a Hispanic-serving institution under this title for  
5 5 years.”.

6 (e) APPLICATION PRIORITY.—Section 521(d) of the  
7 Higher Education Act of 1965 (as redesignated by section  
8 401(a)(2)) (20 U.S.C. 1103(d)) is amended by striking  
9 “(from funds other than funds provided under this title)”.

## 10 **TITLE V—HISTORICALLY BLACK** 11 **COLLEGES AND UNIVERSITIES**

### 12 **SEC. 501. CENTERS OF EXCELLENCE.**

13 Title II is amended by inserting after part D as  
14 added by section 201 of this Act the following new part:

#### 15 **“PART E—CENTERS OF EXCELLENCE**

##### 16 **“SEC. 251. PURPOSES; DEFINITIONS.**

17 “(a) PURPOSES.—The purposes of this part are—

18 “(1) to help recruit and prepare teachers, in-  
19 cluding minority teachers, to meet the national de-  
20 mand for a highly qualified teacher in every class-  
21 room; and

22 “(2) to increase opportunities for Americans of  
23 all educational, ethnic, class, and geographic back-  
24 grounds to become highly qualified teachers.

25 “(b) DEFINITIONS.—As used in this part:

1           “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-  
2           ble institution’ means—

3                   “(A) an institution of higher education  
4                   that has a teacher preparation program that  
5                   meets the requirements of section 203(b)(2)  
6                   and that is—

7                           “(i) a part B institution (as defined in  
8                           section 322);

9                           “(ii) a Hispanic-serving institution (as  
10                          defined in section 502);

11                          “(iii) a Tribal College or University  
12                          (as defined in section 316);

13                          “(iv) an Alaska Native-serving institu-  
14                          tion (as defined in section 317(b)); or

15                          “(v) a Native Hawaiian-serving insti-  
16                          tution (as defined in section 317(b));

17                          “(B) a consortium of institutions described  
18                          in subparagraph (A); or

19                          “(C) an institution described in subpara-  
20                          graph (A), or a consortium described in sub-  
21                          paragraph (B), in partnership with any other  
22                          institution of higher education, but only if the  
23                          center of excellence established under section  
24                          252 is located at an institution described in  
25                          subparagraph (A).

1           “(2) HIGHLY QUALIFIED.—The term ‘highly  
2 qualified’ has the meaning given such term in sec-  
3 tion 9101 of the Elementary and Secondary Edu-  
4 cation Act of 1965 (20 U.S.C. 7801).

5           “(3) SCIENTIFICALLY BASED READING RE-  
6 SEARCH.—The term ‘scientifically based reading re-  
7 search’ has the meaning given such term in section  
8 1208 of the Elementary and Secondary Education  
9 Act of 1965 (20 U.S.C. 6368).

10           “(4) SCIENTIFICALLY BASED RESEARCH.—The  
11 term ‘scientifically based research’ has the meaning  
12 given such term in section 9101 of the Elementary  
13 and Secondary Education Act of 1965 (20 U.S.C.  
14 7801).

15 **“SEC. 252. CENTERS OF EXCELLENCE.**

16           “(a) PROGRAM AUTHORIZED.—From the amounts  
17 appropriated to carry out this part, the Secretary is au-  
18 thorized to award competitive grants to eligible institu-  
19 tions to establish centers of excellence.

20           “(b) USE OF FUNDS.—Grants provided by the Sec-  
21 retary under this part shall be used to ensure that current  
22 and future teachers are highly qualified, by carrying out  
23 one or more of the following activities:

24           “(1) Implementing reforms within teacher prep-  
25 aration programs to ensure that such programs are

1 preparing teachers who are highly qualified, are able  
2 to understand scientifically based research, and are  
3 able to use advanced technology effectively in the  
4 classroom, including use for instructional techniques  
5 to improve student academic achievement, by—

6 “(A) retraining faculty; and

7 “(B) designing (or redesigning) teacher  
8 preparation programs that—

9 “(i) prepare teachers to close student  
10 achievement gaps, are based on rigorous  
11 academic content, scientifically based re-  
12 search (including scientifically based read-  
13 ing research), and challenging State stu-  
14 dent academic content standards; and

15 “(ii) promote strong teaching skills.

16 “(2) Providing sustained and high-quality  
17 preservice clinical experience, including the men-  
18 toring of prospective teachers by exemplary teachers,  
19 substantially increasing interaction between faculty  
20 at institutions of higher education and new and ex-  
21 perience teachers, principals, and other administra-  
22 tors at elementary schools or secondary schools, and  
23 providing support, including preparation time, for  
24 such interaction.

1           “(3) Developing and implementing initiatives to  
2           promote retention of highly qualified teachers and  
3           principals, including minority teachers and prin-  
4           cipals, including programs that provide—

5                   “(A) teacher or principal mentoring from  
6                   exemplary teachers or principals; or

7                   “(B) induction and support for teachers  
8                   and principals during their first 3 years of em-  
9                   ployment as teachers or principals, respectively.

10           “(4) Awarding scholarships based on financial  
11           need to help students pay the costs of tuition, room,  
12           board, and other expenses of completing a teacher  
13           preparation program.

14           “(5) Disseminating information on effective  
15           practices for teacher preparation and successful  
16           teacher certification and licensure assessment prepa-  
17           ration strategies.

18           “(6) Activities authorized under sections 202,  
19           203, and 204.

20           “(c) APPLICATION.—Any eligible institution desiring  
21 a grant under this section shall submit an application to  
22 the Secretary at such a time, in such a manner, and ac-  
23 companied by such information the Secretary may require.

24           “(d) MINIMUM GRANT AMOUNT.—The minimum  
25 amount of each grant under this part shall be \$1,500,000.

1       “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—  
2 An eligible institution that receives a grant under this part  
3 may not use more than 2 percent of the grant funds for  
4 purposes of administering the grant.

5       “(f) REGULATIONS.—The Secretary shall prescribe  
6 such regulations as may be necessary to carry out this  
7 part.

8 **“SEC. 253. AUTHORIZATION OF APPROPRIATIONS.**

9       “There are authorized to be appropriated to carry out  
10 this part \$20,000,000 for fiscal year 2006 and such sums  
11 as may be necessary for each of the 5 succeeding fiscal  
12 years.”.

13 **SEC. 502. AUTHORIZATION OF APPROPRIATIONS.**

14       (a) AUTHORIZATIONS OF APPROPRIATIONS.—Section  
15 399(a) (20 U.S.C. 1068h(a)(2)) is amended—

16               (1) by striking paragraphs (1), (2), and (3) and  
17 inserting the following:

18               “(1) PART A.—(A) There are authorized to be  
19 appropriated to carry out part A (other than section  
20 316 and 317)—

21                       “(i) \$170,000,000 for fiscal year 2006;

22                       and

23                       “(ii) such sums as may be necessary for  
24 each of the 5 succeeding fiscal years.

1           “(B) There are authorized to be appropriated  
2 to carry out section 316—

3           “(i) \$45,000,000 for fiscal year 2006; and

4           “(ii) such sums as may be necessary for  
5 each of the 5 succeeding fiscal years.

6           “(C) There are authorized to be appropriated to  
7 carry out section 317—

8           “(i) \$20,000,000 for fiscal year 2006; and

9           “(ii) such sums as may be necessary for  
10 each of the 5 succeeding fiscal years.

11           “(2) PART B.—(A) There are authorized to be  
12 appropriated to carry out part B (other than section  
13 326)—

14           “(i) \$270,000,000 for fiscal year 2006;

15           and

16           “(ii) such sums as may be necessary for  
17 each of the 5 succeeding fiscal years.

18           “(B) There are authorized to be appropriated  
19 to carry out section 326—

20           “(i) \$90,000,000 for fiscal year 2006; and

21           “(ii) such sums as may be necessary for  
22 each of the 5 succeeding fiscal years.

23           “(3) PART C.—There are authorized to be ap-  
24 propriated to carry out part C—

25           “(A) \$30,000,000 for fiscal year 2006; and



1           “(B) such sums as may be necessary for  
2           each of the 5 succeeding fiscal years.”; and

3           (2) by striking paragraph (5) and inserting the  
4           following:

5           “(5) PART E.—There are authorized to be ap-  
6           propriated to carry out part E—

7           “(A) \$40,000,000 for fiscal year 2006; and

8           “(B) such sums as may be necessary for  
9           each of the 5 succeeding fiscal years.”.

10          (b) AUTHORIZED USES OF FUNDS FOR TITLE III.—

11         Section 323(a) (20 U.S.C. 1062(a)) is amended—

12           (1) by redesignating paragraph (12) as para-  
13           graph (13); and

14           (2) by inserting after paragraph (11) the fol-  
15           lowing new paragraph:

16           “(12) Technical assistance services, including  
17           financial management, enrollment management,  
18           strategic planning, replication of best practices, and  
19           other needed services, except that the amount ex-  
20           pended under this paragraph shall not exceed 2 per-  
21           cent of the institution’s annual award under this  
22           part.”.

○