AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

**Calendar No. 300**

109TH CONGRESS
*2d Session*

SENATE

REPORT
109–218

# HIGHER EDUCATION AMENDMENTS OF 2005

---

R E P O R T

OF THE

COMMITTEE ON HEALTH,
EDUCATION, LABOR, AND PENSIONS
UNITED STATES SENATE

TO ACCOMPANY

S. 1614

FEBRUARY 28, 2006.—Ordered to be printed

# HIGHER EDUCATION AMENDMENTS OF 2005

**Calendar No. 300**

109TH CONGRESS
*2d Session*

SENATE

REPORT
109–218

# HIGHER EDUCATION AMENDMENTS OF 2005

---

R E P O R T

OF THE

COMMITTEE ON HEALTH,
EDUCATION, LABOR, AND PENSIONS
UNITED STATES SENATE

TO ACCOMPANY

S. 1614

FEBRUARY 28, 2006.—Ordered to be printed

# CONTENTS


| | | Page |
|---|---|---|
| I. | Purpose and summary of the legislation | 1 |
| II. | Background and need for legislation | 8 |
| III. | Legislative history and committee action | 9 |
| IV. | Explanation of bill and committee views | 11 |
| V. | Cost estimate | 54 |
| VI. | Application of law of the legislative branch | 67 |
| VII. | Regulatory impact statement | 67 |
| VIII. | Section-by-section analysis | 67 |
| IX. | Changes in existing law | 105 |

**Calendar No. 300**

109TH CONGRESS 2d Session | SENATE | REPORT 109–218

# HIGHER EDUCATION AMENDMENTS OF 2005

FEBRUARY 28, 2006.—Ordered to be printed

Mr. ENZI, from the Committee on Health, Education, Labor, and Pensions, submitted the following

## R E P O R T

[To accompany S. 1614]

The Committee on Health, Education, Labor, and Pensions, to which was referred the bill (S. 1614) to exten the authorization of programs under the Higher Education Act of 1965, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill (as amended) do pass.

## I. PURPOSE AND SUMMARY OF THE LEGISLATION

The purpose of S. 1614, the Higher Education Act Amendments of 2005, is to reauthorize and improve the Federal student financial aid programs and other higher education programs established under the Higher Education Act of 1965. The bill also reauthorizes the Education of the Deaf Act of 1986, the United States Institute of Peace Act and the Navajo Community College Act.

The bill authorizes such sums as may be necessary to carry out the programs.

S. 1614 is the product of an extensive bipartisan effort and input from the major stakeholders in higher education.

This legislation amends the Higher Education Act of 1965 and the Higher Education Amendments Act of 1998 by making the changes identified below.

## TITLE I—GENERAL PROVISIONS

This title makes several conforming changes to the Higher Education Act of 1965, authorizes programs and updates terms and provisions. The 50 percent rules are relaxed to permit schools that have a good track record to expand distance education offerings.

The definition of an institution of higher education is amended to clarify that students who have been home-schooled and students enrolled in dual or concurrent enrollment programs may be admitted as regular students. An existing grant program to reduce drug abuse and underage drinking/alcohol abuse has been rewritten. The Secretary is required to make expanded information about the costs of attending postsecondary education publicly available. Provisions for the Performance Based Organization, which administers the student aid programs, are updated. Eligibility for Federal student assistance programs for foreign medical schools is limited. The "90/10" rule is removed as an institutional eligibility requirement for proprietary schools, but the requirement is retained as condition of participation in the student financial assistance programs, and made applicable to all types of institutions.

## TITLE II—TEACHER QUALITY ENHANCEMENT

The legislation retains the current State grant and Partnership grant programs that provide funding to improve student achievement and the quality of the current and future teacher workforce. The accountability section has been revised to include State reports of pass rates for students completing teacher education programs. The uses of funds under the State and partnership grants are revised to meet the demand for highly qualified teachers under the No Child Left Behind Act. The use of technology in instruction and the ability of teachers to use data and technology to improve student achievement are enhanced.

S. 1614 includes teacher recruitment as an allowable use under both the State grant and Partnership grant programs rather than retaining a separate grant program for recruitment. The committee continues to believe that teacher recruitment is important, but believes the need can be met more effectively, given the overall size of the Title II programs within the Higher Education Act, by providing more flexibility with respect to allowable activities under the State and partnership programs.

## TITLE III—INSTITUTIONAL AID

This title reauthorizes programs to support Historically Black Colleges and Universities, Alaska Native and Native Hawaiian-Serving Institutions, Tribal Colleges and Universities, and professional or graduate programs for minority students. The American Indian Tribally Controlled Colleges and Universities program has been changed to provide an optional 30 percent set-aside for 1-year grants for construction, maintenance and renovation needs, and distribution of the remaining funds to eligible institutions according to an established formula. Three new minority-serving institutions that have established qualified graduate programs since the Higher Education Amendments of 1998 have been added to the list of eligible professional and graduate programs. A new program for Native American-Serving, nontribal institutions is established to improve and expand their capacity to serve Native American students.

# TITLE IV—STUDENT ASSISTANCE

## PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

### PELL GRANTS

The legislation establishes the maximum authorized Pell award at $5,100 for academic year 2006–07 and increases the authorization to $6,300 over the next 4 years. The "tuition sensitivity" provision, that could negatively affect award amounts for students attending low-cost institutions, such as community colleges, has been eliminated. The legislation changes the current year-round Pell grant provision, that allows the Secretary to award two Pell grants in 1 year to certain students on a case-by-case basis, to a requirement that the Secretary allow students who accelerate their progress by attending additional sessions to receive up to two Pell grants in 1 award year. After many years of having no time limitation on the receipt of Pell grant funds, the committee establishes a time limit of 18 semesters or an equivalent period of time.

### TRIO PROGRAMS

The Federal TRIO programs, which provide assistance for first generation and low-income students, have been reauthorized and strengthened. The legislation adds meaningful accountability that will ensure programs maintain high quality services to students.

### GEAR UP

The GEAR UP program provides assistance for States or partnerships to help low-income students in 7th grade through high school prepare for college. This legislation maintains the requirement that States provide scholarships for students. Emphasis is placed on efforts to reduce the need for remedial education at the postsecondary level and to improve completion rates for high school students.

### LEVERAGING EDUCATION ASSISTANCE PARTNERSHIP (LEAP)

The LEAP program is reauthorized, but the Special LEAP is replaced by the Grants for Access and Persistence program that is designed to improve the ability of the Federal Government to leverage funds for students through State and private funds. Institutions are permitted to make in-kind contributions that help reduce the cost of attendance for students without reducing their eligibility for Federal student aid.

### MIGRANT AND SEASONAL PROGRAMS

The migrant and seasonal program is reauthorized. Changes to the program mirror language in the Senate Workforce Investment Act reauthorization bill: families of migrant workers are made eligible for services.

### ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

The Robert C. Byrd Honors Scholarship Program is reauthorized without change.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM [ADDITIONAL CHANGES ARE REFLECTED UNDER TITLE X—RECONCILIATION]

Financial literacy is added to allowable default reduction activities. Consumer information requirements with respect to lending generally, and consolidation lending specifically, are increased. Lenders are required to provide borrower repayment information to all major credit bureaus.

PART C—FEDERAL WORK-STUDY PROGRAM

The Secretary may waive the community service requirement for institutions under this part if they can certify that at least 15 percent of their student enrollment participates in community service activities.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM [ADDITIONAL CHANGES ARE REFLECTED UNDER TITLE X—RECONCILIATION]

The William D. Ford Federal Direct Loan Program is reauthorized.

PART E—FEDERAL PERKINS LOANS

The Perkins loan program, through which institutions are permitted to operate revolving loan funds, is reauthorized. Three new cancellation categories were added, and one was expanded under this part: full-time faculty members at Tribal Colleges or Universities, librarians with a master's degree in library science serving in title I schools or libraries serving areas with title I schools, full-time speech language therapists with a master's degree working in title I schools and early childhood educators will be eligible for loan cancellation.

PART F—NEED ANALYSIS [ADDITIONAL CHANGES ARE REFLECTED UNDER TITLE X—RECONCILIATION]

The bill provides for less than half-time students to include certain education related expenses for up to three semesters during their undergraduate study. Treatment of prepaid college tuition plans and education savings accounts is equalized and treatment of State scholarship programs, such as the Hathaway scholarship, is clarified.

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE

The Advisory Committee for Student Financial Assistance is reauthorized. In addition to its other assignments and activities, the Advisory Committee is required to carry out a review and analysis of title IV regulations and conduct a study of innovative pathways to baccalaureate degree attainment.

The Secretary is required to carry out activities that simplify the financial aid process, develop an "EZ FAFSA," conduct early financial aid awareness activities and provide students with early assessments of financial aid eligibility.

The bill clarifies that students will not be denied eligibility for Federal student aid because of a drug possession conviction unless

the conviction occurs while the student is receiving assistance under this title. The bill retains the limitations on eligibility for students convicted of sale of a controlled substance.

Institutions must provide information on their transfer-of-credit policies. Transfer of credit must not be denied solely on the basis of the accreditation of the institution from which the student is transferring. In addition, institutions must provide a list of institutions with which they have articulation agreements and the percent of students who transfer academic credit successfully.

The Secretary is required to provide institutions participating in Federal student aid programs with a calendar of reporting and disclosure requirements indicating both when certain information is due and the required recipients.

As a condition of participation, all institutions must now derive at least 10 percent of their revenues from sources other than title IV programs.

### PART H—PROGRAM INTEGRITY

Accrediting agencies are required to have expanded due process procedures in place to resolve disputes over adverse action. The bill updates accreditation processes with respect to online or distance education in recognition of current trends. The bill ensures that institutional missions are considered during the accreditation process.

The Secretary is required to provide information to schools undergoing a program review and give those institutions an opportunity to review and respond to that information before a final determination is made.

## TITLE V—DEVELOPING INSTITUTIONS

The bill creates a new grant program to support graduate programs at Hispanic-Serving Institutions, similar to the existing program for Historically Black Colleges and Universities. Institutions are no longer required to wait 2 years before applying for a grant again under this title. In addition, the bill eliminates a duplicative requirement that institutions certify certain students as low-income.

## TITLE VI—INTERNATIONAL EDUCATION

The international education programs are reauthorized. An interagency group to determine the priority for international education programs is established. The Secretary is provided with authority to eliminate grant funding for programs failing to meet grant requirements.

## TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

Graduate education programs under this title are reauthorized. Areas of professional workforce shortages are included as areas of national need in determining priority for grants. The disability demonstration program is reauthorized.

## TITLE VIII—MISCELLANEOUS

New grant programs are established to help institutions of higher education develop new curriculum and services related to high skill, high growth occupations; to support the Teach for America program; to help institutions retain students and improve articulation agreements with other institutions of higher education; to provide fellowships for minority scholars in math and science; and to support merit-based math and science scholarships. The Secretary is required to enter into contracts for studies on the cost of postsecondary education and on college enrollment rate trends linked to secondary schools.

## TITLE IX—AMENDMENTS TO OTHER LAWS

### EDUCATION OF THE DEAF ACT

The Federal grant program for Gallaudet University and other institutions serving deaf students at the secondary and postsecondary level is reauthorized.

### UNITED STATES INSTITUTE OF PEACE ACT

The legislation reauthorizes the Institute of Peace and provides for the Institute's authorization to be automatically extended for 1 year, if necessary, similar to other Federal education programs. In addition, the legislation clarifies that the term of members begins on the date of their confirmation and swearing in.

### TRIBALLY CONTROLLED COLLEGE OR UNIVERSITY ASSISTANCE ACT AND THE NAVAJO COMMUNITY COLLEGE ACT

Two programs that provide funding for tribally controlled institutions of higher education are reauthorized.

## TITLE X—RECONCILIATION

### PART A—EDUCATION PROVISIONS

The Concurrent Resolution on the Budget for Fiscal Year 2006 contains a reconciliation instruction that directs the Senate Health, Education, Labor, and Pensions Committee to report changes in laws within its jurisdiction sufficient to reduce outlays for fiscal years 2006 through 2010. Among the provisions that help to reduce outlays are the following: (1) lender payments are limited to the lender interest rate, a provision also known as floor income; (2) guaranty agencies are required to deposit 1 percent of the amounts they guarantee into their Federal fund; (3) the scheduled shift to a fixed interest rate of 6.8 percent on undergraduate and graduate non-consolidation borrowing, effective July 1, 2006, is retained; (4) lender insurance reimbursement rates are reduced to 97 percent; (5) lenders originating consolidation loans will be charged an additional 50 basis point fee; and (6) the rate on PLUS loans is increased from 7.9 percent to 8.5 percent.

The Taxpayer-Teacher Protection Act, which ends the practice of transferring and refunding 9.5 percent floor loans and provides loan forgiveness of up to $17,500 to math, science and special education teachers if they teach for 5 consecutive years is made permanent. The legislation also increases subsidized borrowing levels for

first and second year students to $3,500 and $4,500 respectively, and unsubsidized borrowing amounts for graduate students by $2,000 per year. In addition, eligibility for PLUS loans is extended to graduate students. The single holder rule, which required borrowers to consolidate with their current lender, is repealed. Provisions allowing schools with low default rates to waive the 30-day wait period before making initial disbursements to first-time borrowers and to make single disbursements to students who are enrolled for only one term are reinstated. The Secretary is permitted to waive a portion of borrower origination fees. Borrowers in the income contingent repayment plan who hold public service jobs and make 120 consecutive on-time payments will have their loans canceled. A provision known as the SAP-gap, that limited special allowance payments to lenders making loans to parent borrowers, is repealed. A moratorium is placed on new "school as lender" program participants and new restrictions are placed on current school lenders. Members of the armed services or the reserve components of the armed services who have borrowed since July 1, 2001 and who serve in a combat zone will be eligible for loan deferment.

The "auto-zero" amount is increased from $15,000 to $20,000. This allows families with adjusted gross income levels below $20,000 to receive a zero expected family contribution automatically. The income protection allowance was increased and the asset conversion rate was decreased for all categories of students.

PROVISIONAL GRANT ASSISTANCE PROGRAM (PROGAP), INCLUDING NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS

ProGAP is a temporary new mandatory program that provides over $8.25 billion in grant aid for students over 5 years. There are two separate funding streams: ProGAP and SMART grants.

Under the basic ProGAP, approximately $6 billion is designated for low-income students to supplement other Federal student grant aid. Students eligible for Pell grants are also eligible for aid under ProGAP. The Secretary shall ensure that grants under this program are awarded to students with the greatest need. ProGAP grants shall be awarded in the same manner as grants under section 401 of the act.

$2.25 billion is authorized to fund National SMART grants which will be awarded to students in their third and fourth years of college who are majoring in math, science, or foreign language fields. Grants of up to $1,500 will be awarded each award year. The program is designed to encourage matching contributions from businesses or other non-Federal sources to provide additional grant assistance for these students.

## PART B—HURRICANE KATRINA HIGHER EDUCATION RECOVERY

### HURRICANE KATRINA RELIEF

The Secretary is required to waive or modify certain provisions under the Higher Education Act related to student financial assistance for students and postsecondary education institutions receiving Federal financial assistance and affected by Hurricane Katrina. Students who were enrolled in affected institutions of higher education on August 29, 2005 and received grant or loan aid, and were

not able to complete the term, will not have to repay any of the funds they received. Affected institutions will not be required to return funds they received for or on behalf of affected students. Federal loans made to students or to parents of students who enrolled in affected institutions will be discharged or canceled. The Secretary is also authorized to approve modifications to Teacher Quality Enhancement Grants to enable grantees to use funds to assist States and local education agencies to recruit and retain highly qualified teachers in affected schools and faculty at affected institutions. Authority to approve modifications of TRIO grants and grants under part A or B of title III requested by the grantees is also provided. The Secretary is given general authority to accommodate other situations as they arise. These provisions will sunset on September 30, 2006.

PROGRAMS REPEALED

The bill repeals a number of programs, including the following, because they are ineffective, duplicative, or have not been funded for several years:

Learning Anytime, Anywhere Partnerships
Recruitment and Retention Grants
Academic Achievement Scholarships
Urban Community Service program
Preparing Teachers to Use Technology
Commission on Web-Based Education

## II. Background and Need for the Legislation

This legislation is needed because authorization for the programs in the Higher Education Act expires at the end of December 2006. The Federal Government must maintain its commitment to broad access to higher education for all students, despite their background.

Our economy is on the threshold of its most significant transformation in history. In the next 10 years, about 12 percent of the workforce will be leaving their careers behind for retirement. In addition, today's jobs are requiring more from workers than ever before. It is estimated that by 2015, three-quarters of all workers will have some postsecondary education or training, but by 2020, we will need 14 million more skilled workers in this country than we are currently able to provide.

As we stand on the brink of this workforce revolution, the reauthorization of the Higher Education Act enables us to meet the coming challenges head on. American students will need a quality postsecondary education to compete in the global economy. The Higher Education Act is part of the comprehensive approach to education and training that this country needs. This approach must effectively coordinate programs, such as the Workforce Investment Act, the Perkins Career and Technical Education Act and other Federal education and training initiatives, to ensure that we remain competitive.

The American postsecondary education system is renowned throughout the world. More than 6,000 colleges and universities enroll more than 14 million students, providing access to all types of academic and training programs. Enrollment in postsecondary

education has increased over the past 30 years, and it is expected to continue to do so, particularly in 2-year programs. By 2008, the number of students enrolled in postsecondary education will have doubled from 1970 levels. At the same time, the face of today's average college student is changing. The "average" student enrolled in postsecondary education or training these days is most likely to be older than 24 years old. They are more likely to be independent and they are more likely to be female.

Periodic reauthorizations of the Higher Education Act provide the opportunity to update the legislation, improve existing programs and address newly identified needs. S. 1614 makes changes to the law that will help today's students attend and succeed in college, such as providing additional grant assistance to the neediest students, permitting greater access to distance education, and ensuring that students have reliable information about the cost of attending college. S. 1614 improves accountability in the higher education programs and promotes partnerships among institutions of higher education, States and businesses.

## III. Legislative History and Committee Action

At the beginning of the 109th Congress, Senators Enzi, Frist, and McConnell introduced S. 9, The Lifetime of Education Opportunities Act of 2005: Preparing America to Compete in the 21st Century and Beyond. The purpose of the bill was to improve America's competitiveness in the global economy by improving and strengthening Federal education and training programs. With respect to postsecondary education, the bill promoted improved academic preparation for postsecondary education; set high expectations for all students; promoted lifetime learning opportunities for students at all stages in life; encouraged quality educational opportunities for all students, including nontraditional students; promoted improved accountability in the administration of the student financial aid programs; called for simplification of the student aid application process; and encouraged Congress to address the rising costs of higher education.

Prior to the introduction of a bill to reauthorize the Higher Education Act, the committee held five hearings and one roundtable discussion:

### HIGHER EDUCATION ACCREDITATION: HOW CAN THE SYSTEM BETTER ENSURE QUALITY AND ACCOUNTABILITY (FEBRUARY 26, 2004)

Four witnesses appeared before the committee: Steven Crow, the Executive Director of the Higher Learning Commission of the North Central Association of Colleges and Schools, Jeffrey Wallin, President of the American Academy for Liberal Education, Jerry Martin, Chairman of the American Council of Trustees and Alumni, and Robert Potts, President of the University of North Alabama.

### HIGHER EDUCATION AND THE WORKFORCE: ISSUES FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT (MARCH 4, 2004)

Charles Bohlen, President of Laramie County Community College, James Votruba, President of the University of Northern Kentucky, Beth Buehlmann, Vice President and Executive Director of the Center For Workforce Preparation, U.S. Chamber of Commerce,

Diana G. Oblinger, Executive Director of Higher Education, Microsoft Corporation, and Ellen O'Brien Saunders, Executive Director, Washington State Workforce Training and Education Coordinating Board testified before the committee.

A YEAR-'ROUND COLLEGE CALENDAR: ADVANTAGES AND IMPEDIMENTS (MARCH 9, 2004)

The Subcommittee on Children and Families of the Committee on Health, Education, Labor, and Pensions heard testimony from Stephen Trachtenberg, President of The George Washington University, India McKinney, a student at Vanderbilt University, Michael Lomax, President of Dillard University, who spoke on behalf of the United Negro College Fund, Virginia Hazen, Director of Financial Aid at Dartmouth College, and Margaret Heisel, Associate to the Vice President and Executive Director, Admissions and Outreach, University of California Office of the President.

LIFELONG EDUCATION OPPORTUNITIES (APRIL 14, 2005)

Two sets of witnesses provided testimony at the hearing. The first panel consisted of the Secretary of Education, Margaret Spellings, and the Secretary of Labor, Elaine L. Chao. The second panel included the Governor of Kansas, Kathleen Sebelius, the Governor of Kentucky, Ernie Fletcher, the Director of the Washington Office of the Greystone Group, former Congressman Steve Gunderson, the Executive Director of the Business-Higher Education Forum, Brian Fitzgerald, and the Vice President of the Colleges of Worcester Consortium, Pamela Boisvert.

PROVIDING QUALITY POSTSECONDARY EDUCATION: ACCESS AND ACCOUNTABILITY (APRIL 28, 2005)

Five witnesses appeared before the committee: Kati Haycock, Director of The Education Trust, Trinity Thorpe a student at Pepperdine University, Brian Bosworth, President of FutureWorks, Robert Shireman, Director of The Institute for College Access and Success and Phillip Van Horn, President of the Wyoming Student Loan Corporation.

ROUNDTABLE—HIGHER EDUCATION AND CORPORATE LEADERS: WORKING TOGETHER TO STRENGTHEN THE AMERICAN WORKFORCE (MAY 19, 2005)

The committee heard testimony from Louis Caldera, President of the University of New Mexico, Robert Craves, a founder of Costco Wholesale Corporation and currently CEO and President of the Washington Education Foundation, Edward Hoff, Vice President-Learning, IBM, Edison Jackson, President, Medgar Evers College, the City University of New York, Patricia McGuire, President of Trinity College in Washington, DC, James Mullen, President and CEO of Biogen IDEC, Laura Palmer-Noone, President of the University of Phoenix, Walter Nolte, President of Casper College, Charles Reed, Chancellor of the California State University and Patrick Sweeney, President and CEO of Odin Technologies. Rev. Michael Sheeran, President of Regis University had planned to testify but was unable to. He was invited to submit a statement for the record.

RECOMMENDATIONS AND COMMENTS

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

On September 6, 2005, Senator Enzi introduced the Higher Education Amendments of 2005, S. 1614. The bill was cosponsored by Senator Kennedy.

A. AMENDMENTS ADOPTED BY VOICE VOTE

On September 8, 2005, the committee met to consider S. 1614. The committee took action on one amendment, unanimously adopting an amendment in the nature of a substitute by Senator Enzi that makes technical changes. Two additional amendments were offered and subsequently withdrawn. The bill was approved by a roll call vote of 20 yeas to 0 nays and ordered to be reported with an amendment in the nature of a substitute.

B. ROLL CALL VOTE

The bill as amended was reported favorably by a vote of 20 yeas to 0 nays.

Yeas: Enzi, Gregg, Frist, Alexander, Burr, Isakson, DeWine, Ensign, Hatch, Sessions, Roberts, Kennedy, Dodd, Harkin, Mikulski, Jeffords, Bingaman, Murray, Reed, and Clinton.

C. AMENDMENTS OFFERED AND SUBSEQUENTLY WITHDRAWN

Two amendments were offered, discussed, and subsequently withdrawn:

1. Senator Gregg offered and then withdrew an amendment to target the supplemental grant aid provided in the bill for ProGAP recipients more heavily toward the neediest Pell grant recipients.

2. Senator Clinton offered and then withdrew an amendment to increase the income protection allowance provided for independent students in the Federal need analysis formula.

## IV. Explanation of Bill and Committee Views

## TITLE I—GENERAL PROVISIONS

In amending Title I of the Higher Education Act of 1965, the committee intends to update the law to reflect the dramatic changes in the field of higher education over the past 10 years. With a growing proportion of students attending concurrent or dual enrollment programs, or through distance education programs, the committee amends the definitions of higher education to incorporate these larger trends. The committee also changes certain provisions to reduce the potential for fraud and abuse within the Federal higher education programs.

INSTITUTIONS OF HIGHER EDUCATION

In the definition of an institution of higher education, the committee has included a reference to the section of the act that specifies that students who have completed a secondary education in a home school setting that is treated as a home school or private school under State law are to be considered regular students. This

was done to clarify that an institution of higher education may admit home schooled students without endangering the institution's eligibility to participate in the higher education programs under this act.

The committee action is based on guidance issued by the Department of Education in a "Dear Colleague" letter that stated, "An institution can admit most home-schooled students as regular students without jeopardizing its eligibility to participate in the title IV, HEA student financial assistance programs. The Department considers that a home-schooled student is beyond the age of compulsory school attendance if the State in which the institution is located does not consider the student truant once he or she has completed a home-school program."

DUAL AND CONCURRENT ENROLLMENT

The committee recognizes the significant growth in dual and concurrent enrollment programs, which enable some secondary students to earn postsecondary credit in a program of study at an institution of higher education. According to data from the National Center for Education Statistics, in school year 2002–03, 71 percent of high schools offered dual credit courses. In response to this trend, the committee clarifies that students in dual or concurrent enrollment programs may be admitted as regular students in institutions participating in programs authorized under the Higher Education Act of 1965.

FOREIGN MEDICAL SCHOOLS

The committee is concerned that a large proportion of the student loan funds provided to students enrolled in foreign medical schools are being used at foreign medical schools that are primarily populated by American students. In general, medical schools qualify to participate in the Federal Family Education Loan program if at least 60 percent of their student body is non-American and at least 60 percent of their students or graduates taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score. However, current law contains an exemption to this dual requirement for foreign medical schools that have a clinical training program that was approved by a State as of January 1, 1992. This exemption has resulted in an inordinate number of students who attend otherwise non-qualifying institutions receiving Federal student loans. Therefore, the committee has removed the exemption.

DISTANCE EDUCATION

The National Center for Education Statistics (NCES) has reported that in academic year 2000–01, 56 percent of all institutions of higher education offered distance education programs, and 68 percent either offered some online programs or planned to offer such programs within 3 years. Between academic years 1997–98 and 2000–01, enrollment in distance education doubled, with over half of the enrollment occurring in public, 2-year institutions. While this information is somewhat dated, it is the most recent data available from NCES and it does provide important informa-

tion about the current trend toward expanded use of distance education in the postsecondary education field.

The committee amends the "50 percent" rule to facilitate the desire of many accredited institutions of higher education to pursue distance education programs as a means to increase postsecondary enrollment, reach adult learners and "nontraditional" students, and support access to postsecondary education in rural areas.

In modifying the current limitation on distance education enrollment, the committee retains the requirement that institutions not enroll more than 50 percent of their students in correspondence courses, and that institution not offer more than 50 percent of their courses through correspondence. However, the committee establishes clear requirements for institutions offering distance education programs to be exempt from the limitations that apply to correspondence courses. These minimum standards required to be met by an institution to waive the "50 percent" rules will help guard against fraud and abuse by schools participating in the Federal student aid programs. These standards are: the institution (1) must be accredited by an agency or association recognized by the Secretary that has distance education within its scope of recognition; (2) would otherwise be eligible to participate in title IV programs; (3) has not had its participation in the title IV programs limited, suspended, or terminated in the previous 5 years; (4) has not had, or failed to resolve, an audit finding that resulted in the institution being required to pay a fine of more than 25 percent of the total funds the institution received under title IV of the Higher Education Act; and (5) has met the requirements of section 487(d), having to do with teach-out plans in the case of a school's closure.

The committee believes these changes will help provide appropriate flexibility for institutions of higher education to expand distance education offerings and reach more students while ensuring the integrity of the Federal student assistance programs. The committee does not believe these requirements will limit the participation of new, high-quality distance education providers.

### ALCOHOL AND DRUG ABUSE PREVENTION GRANTS

The problem of underage drinking, binge drinking, and drug use in our Nation's institutions of higher education and by students in the communities surrounding such institutions is of great concern to the committee. One thousand seven hundred college students between the ages of 18 and 24 die each year from alcohol-related injuries. On college campuses, the combination of social and environmental influences creates a culture of drinking that passively or actively promotes the use of alcohol. Many college students themselves avoid the unsafe use of alcohol and drugs. However, they are still at great risk to suffer the effects of the high-risk behaviors of their peers.

Many students who engage in underage drinking, binge drinking, or drug use are harming themselves as well as those around them. Students who do not use, or who drink legally and moderately, frequently suffer secondhand effects from the behavior of other students who drink too much. The immediate and long-term risks associated with alcohol and drug use underscore the need for effective prevention programs. Some colleges and universities have broad prevention approaches that combine traditional educational pro-

grams with strategies aimed at changing the environment on campus and in surrounding communities. This approach recognizes that student behavior is influenced at multiple levels: personal, peer, institutional, and community. This is an approach supported by the committee and encouraged in this bill.

### PERFORMANCE-BASED ORGANIZATION (PBO) FOR FEDERAL STUDENT FINANCIAL ASSISTANCE

The committee applauds the efforts since the last reauthorization to implement the PBO. Schools and individuals have benefited from improved efficiency in originating, servicing and processing grant and loan aid. The ombudsman has provided needed guidance to students struggling to navigate the complex system. There is strong support for continuation of these efforts to make further progress in the delivery of student financial aid.

### COST OF HIGHER EDUCATION

The committee feels strongly that the rising cost of higher education is undermining the Federal commitment to making college accessible and affordable. Although Federal expenditures for higher education are at an all time high, the purchasing power of Federal programs has been losing ground as colleges and universities continue to increase tuition and fees at rates much higher than the rate of inflation.

The College Board, which produces a highly respected annual survey of college costs, reported in its 2004 report that the average tuition and fees for a public, 4-year institution of higher education had increased by 10.5 percent from the previous year. Even after adjusting for inflation, tuition and fees have increased by more than 50 percent in the 10 years preceding the 2004–05 academic year.

The rapid increase in college costs has negatively impacted the ability of students to afford a college education, for students and parents to save sufficiently to prepare for the costs of college, and has required an increasing number of students to borrow high-interest loans from non-Federal programs, adding significant debt burden to students and their parents.

Diverse explanations have been offered, but the consequences of these rapid increases have not been any less dramatic. In 1995, the maximum Pell grant award was $2,340. Since then, the maximum grant has increased to $4,050, yet many students still find themselves borrowing additional funds to meet the cost of attendance. While the overwhelming majority of public institutions charge tuition and fees of less than $9,000, the majority of private schools (both proprietary and independent) assess tuition and fees in excess of $15,000. Despite historic increases in Federal student assistance programs, cost is surpassing the ability of students to pay for their education, even while receiving the maximum Federal assistance available to them.

As a result, many parents and students who have saved for college find themselves borrowing additional funds to meet the costs of college. The Advisory Committee on Student Financial Assistance suggests that cost accounts for up to 48 percent of college-ready high school seniors not enrolling in a 4-year institution of

higher education, and for 22 percent of college-ready seniors not enrolling in any postsecondary education at all.

To address this challenge, the committee includes several separate provisions intended to provide students and their parents with better information about the cost of college. The committee expects this information to help provide students and their parents with a realistic set of expectations about the cost of postsecondary education, as well as introduce some incentives for institutions to control the cost of attendance. The public availability of this information is expected to support institutions and States that are committed to maintaining access to affordable higher education.

The committee has taken several steps to ensure students and parents have access to information about the cost of college, by making information available to compare institutions, as well as to create an index that tracks the affordability of higher education. The committee believes this additional information will help parents and students make well-informed decisions about postsecondary attendance, so the greatest number of students can attend and succeed in postsecondary education.

While the committee recognizes that many private sector firms have produced high-quality informational products with respect to the cost of college, the committee believes the Department of Education can also provide added value in making better use of the information collected and made available through the college opportunities online (COOL) Web site. The committee expects the added emphasis on the Department's Web site as a means for families and students to obtain information about postsecondary education will result in an effort to make such resources more user-friendly.

## TITLE II—TEACHER QUALITY ENHANCEMENT

With the passage of the No Child Left Behind Act, Congress took an important step to ensure that all of the Nation's children are taught by highly qualified teachers. The committee believes that improving teacher quality is an important and effective means to increase student achievement. By strengthening and developing the State and partnership grants in title II, the committee bill provides various mechanisms to our Nation's educators to receive the training and support necessary to strengthen our Nation's early childhood programs, and elementary and secondary schools. The committee expects activities under title II of this act will complement the larger teacher preparation efforts in title II of the No Child Left Behind Act, as well as other relevant State efforts.

### HIGH NEED ACADEMIC SUBJECT AREAS AND HIGH NEED AREAS

Throughout title II, the committee references high-need academic subject areas (such as reading, mathematics, science, and foreign languages) and high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education). Studies indicate that a shortage of highly qualified teachers exists nationally in the specific subject areas and services indicated above. Nevertheless, it is not the committee's intent for teacher training, and professional development supported under this title to be limited to these subjects and service areas alone, since shortages in particular subject

and service areas may vary from State to State, from district to district, or from school to school.

EARLY CHILDHOOD EDUCATOR

The committee recognizes that quality early childhood education programs are staffed by educators who are fully competent in all the essential domains of early childhood development including cognitive, social, emotional, and physical development. Given the great variation in the governance, funding, and standards of early childhood education programs including, Head Start, Early Head Start, State pre-kindergarten programs, local education agency pre-kindergarten, and others, the committee has not specifically provided a definition of a fully competent early childhood educator. It is the committee's intent that early childhood educators meet the standards and qualifications of the program in which they are teaching and that all early childhood education programs ensure that young children receive a comprehensive early childhood education that prepares them to succeed in early elementary education and beyond.

PRELITERACY AND PRE-NUMERACY

The committee believes quality early childhood education programs are comprehensive programs that address children's social, emotional, and physical development, as well as their cognitive development. In particular, research has shown the critical importance of quality early childhood instruction that addresses language, early literacy, and pre-numeracy skills for school readiness and later academic achievement. Effective early reading and pre-numeracy programs delivered by fully competent teachers are vital for later reading and mathematics proficiencies. All early childhood educators must be equipped with an understanding of how oral language, pre-reading and early literacy develops as well as pre-numeracy skills. Early childhood educators need professional development throughout their careers to strengthen their knowledge and skills for promoting children's language, pre-reading, and pre-numeracy, as well as other cognitive areas.

ELIGIBLE PARTNERS

The bill further focuses on teaching skills and learning strategies by including as eligible partners in the partnership grants academic departments such as psychology, human development, or other departments with comparable expertise in the disciplines of teaching, learning, and child and adolescent development. Other academic departments are also eligible to participate. Additional entities added as eligible partners include a science-, mathematics- or technology-oriented entity; an early childhood education program; an educational service agency; and a consortium of local educational agencies.

It is the intent of the committee that community colleges and tribal colleges be eligible to participate in the Teacher Quality Partnership grants. These institutions provide a critical entry point for many teachers and every effort should be made to strengthen the programmatic ties to 4-year institutions.

TEACHING SKILLS

Current law provides an allowable use of funds for the partnership grants to prepare teachers with the knowledge and skills to work with and involve parents in their children's education, as well as to provide instruction to diverse student populations, including students with disabilities and with limited English proficiency. The committee, however, believes that all teachers should be prepared to work with and involve parents, as well as provide instruction to diverse student populations, and that such preparation is paramount to effective teaching for all teachers. Accordingly, the committee has defined the term "teaching skills" to include the ability to communicate and work with parents, as well as the ability to increase student achievement, focus on identification and tailoring of academic instruction to students' specific learning needs, (particularly students with disabilities, students with limited English proficiency, and gifted and talented students), use strategies based on scientifically based research, and manage a classroom effectively. Under this legislation, both State and eligible partnerships must use title II funds to promote effective teaching skills.

TEACHING STUDENTS WITH LIMITED ENGLISH PROFICIENCY

The committee has made several improvements in title II to further the success of students with limited English proficiency by focusing on the instruction the students receive in the classroom and on the instruction that teachers receive in their preparation program. For example, the definition of teaching skills now highlights that academic instruction should be tailored to students' specific learning needs, particularly for students with limited English proficiency. The bill also prioritizes increasing the number of highly qualified teachers who teach students with limited English proficiency. Further, partnerships may use their grant funds to increase the number of faculty at institutions of higher education with expertise in instruction of students with limited English proficiency to better prepare teachers to instruct these students.

RECRUITMENT, RETENTION, AND ADVANCEMENT STRATEGIES

Teacher attrition undermines teacher quality and drives teacher shortages. According to the National Commission on Teaching and America's Future, one-third of beginning teachers leave the profession within 3 years, and nearly one-half leave within 5 years. In high poverty schools, turnover rates are even worse—approximately one-third higher than the rate for all teachers. Research also shows that teachers who leave are likely to have greater skills than those who stay.

In order to ensure the quality and capacity of high quality teachers, the committee encourages and supports the training and development of our Nation's teachers, who are the most important in-school influence on student learning. The committee includes language that permits the grantees to use scholarships and support for students involved in undergraduate teacher preparation programs. These scholarships and support services provide incentives for individuals to enroll in and complete teacher preparation programs and subsequently teach in high-need local educational agencies. The language also provides follow-up services for former schol-

arship recipients and encourages eligible partnerships to recruit minority students to become highly qualified teachers. This language strengthens teacher training and recruitment to alleviate the demand for high quality teachers.

TEACHER RECRUITMENT

The committee has included teacher recruitment as an allowable use under State and partnership grants rather than retaining a separate grant program for recruitment. The committee continues to believe that teacher recruitment is important, but believes the need can be met more effectively, given the overall size of the title II programs within the Higher Education Act, by providing more flexibility with respect to allowable activities under the State and partnership programs.

RURAL AREAS

The committee continues to recognize the unique challenges that school districts in rural areas face, particularly in recruiting and retaining high-quality teachers. Some of the barriers to recruitment and retention include low salaries, geographic, social, and professional isolation, housing shortages, poor physical working conditions, a paucity of teacher preparation programs targeted to rural schools, limited opportunities for professional development, and the necessity for teachers to teach more than one grade or subject. Each of these factors contributes to the reality that teachers in rural areas tend to be less educated, less experienced, younger, and more likely to teach in fields outside their area of certification.

To help address these challenges, the committee authorizes funds under this section to be used to provide grants to rural school districts for the recruitment and retention of teachers in rural school districts. Rural school districts, or consortia of rural school districts, may use funds to implement a range of recruitment strategies, such as tuition assistance, loan forgiveness, housing assistance, and financial incentives for working in areas of greatest need, as well as retention strategies, such as mentoring programs and ongoing opportunities for professional growth and advancement. In addition, the bill encourages rural school districts to form partnerships with institutions of higher education to help prepare beginning teachers in rural areas and to assist teachers in rural areas to become highly qualified.

PERFORMANCE BASED COMPENSATION AND TEACHER ADVANCEMENT SYSTEMS

States are permitted to assist local educational agencies in developing performance based compensation systems and teacher advancement systems that reward teachers who increase student achievement and provide teacher mentoring for new teachers and access to ongoing professional development opportunities. The committee recognizes that one promising model for such a system is the Teacher Advancement Program (TAP), a comprehensive whole school reform that includes four elements: multiple career paths; ongoing, applied professional growth; instructionally focused accountability; and performance-based compensation for teachers. TAP is currently operating in over 100 schools in 11 States and the

District of Columbia. Most schools that have implemented TAP report that student achievement is increasing and that collegiality among teachers is high. Schools also report that TAP has reduced teacher turnover and attracted high-quality teachers to hard-to-staff schools.

Furthermore, the committee has authorized States to assist efforts to participate in a nationally recognized advanced credentialing system as a permissible State grant activity. The committee believes that quality teaching will be advanced through participation by teachers in a nationally recognized credentialing system, such as the National Board for Professional Teaching Standards, which provides a national voluntary system of certifying teachers who meet high standards of knowledge and professional practice, or the American Board for Certification of Teacher Excellence, which is developing a Master Teacher certification for experienced teachers who have demonstrated outstanding classroom effectiveness and who possess superior subject area mastery.

SUPPORT PROGRAMS FOR NEW TEACHERS

Title II strengthens teacher training partnership grants by requiring the creation of support programs for new teachers during their first 3 years of teaching. This program will provide new teachers with skills in educational interventions and knowledge of scientific research on teaching and learning, and will support new teachers through high quality teacher mentoring, professional development, and interdisciplinary collaborations.

A focus on knowledge and application of teaching skills and methods of student learning based upon scientifically based research will equip teachers to understand and respond effectively to diverse student populations, including students with disabilities, limited English proficient students, and students with different learning styles or other special learning needs.

INDUCTION

The committee intends the induction programs described in the bill to be formalized and comprehensive programs designed to provide up to 3 years of support to beginning teachers to improve teaching skills and promote retention in the teaching field. Induction includes high quality mentoring by experienced and qualified mentors, structured collaboration time with teachers in the same department, grade, or field, structured meeting time with administrators, and professional development activities. Induction programs may also provide reduced teaching loads, the support of a teaching aide, orientation seminars, and regular evaluation of the teacher inductee, the mentors, and the overall program.

RESIDENCY PROGRAM

Teacher turnover regularly drains schools of their most important resource: qualified educators. This is a critical moment for us to address persistent teacher attrition and to improve teacher retention. The committee supports the development of educators so they have not only the credentials but also the skills and training to be truly effective in the classroom.

This legislation allows partnerships to provide support for new teachers through comprehensive induction programs, such as a residency program. Research consistently shows that induction programs reduce the number of teachers who leave their schools or the profession.

Residency programs also include information sharing among teachers, principals, administrators, and participating higher education faculty. This can provide essential instructional leadership and classroom support for teachers during induction and beyond.

TEACHER MENTORING IN RURAL DISTRICTS

The committee recognizes the importance of teacher mentoring and that it may be particularly difficult to establish and maintain mentoring relationships in isolated, rural school districts, but that mentoring is no less important in such school districts. The committee believes that every effort should be made to ensure that rural teachers can fully participate in mentoring activities, including providing these opportunities through online or electronic technology, as well as other means.

INNOVATIVE STRATEGIES TO TRAIN NEW SCHOOL LEADERS

The committee includes, as an allowable use of funds for States and partnerships, innovative strategies to prepare new leaders, recognizing that school leaders have a significant impact on student achievement.

The committee expects that States and partnership grantees using Federal funds for this purpose will work with effective programs that demonstrate quantifiable results, such as the New Leaders for New Schools program. The New Leaders program recognizes several core values: (1) every child can achieve the highest levels of academic excellence; (2) delivering high quality public education to all children is critical and affords every child the full range of opportunities in life; (3) great schools are led by great principals; (4) principals coach and inspire teachers to reach and teach every child and collaborate with their parents, families, and communities to make schools successful; and (5) with access to outstanding public schools, children will have a greater ability to develop the competence, critical thinking, social and civic skills to reach their highest potential.

The committee therefore encourages States and partnership grantees to consider working with these programs due to their historic success in recruiting, training, and supporting outstanding leaders for high-need public schools. These programs have clearly shown their ability to foster higher levels of academic achievement, greater college readiness, and increased graduation rates.

NUMBER OF PARTNERSHIP AWARDS

As explained in section 204, an eligible partnership is limited to one partnership grant during a 5-year period. The committee does not intend, however, to preclude an individual partner in a funded partnership grant from entering into another eligible partnership consisting of new members during that same 5-year period. For example, a State university might partner with a group of local education agencies in one part of the State for one partnership grant

and with another, different group of local education agencies in another part of the State for another partnership grant.

PROGRAM EFFECTIVENESS

The committee believes it is critical for a State to evaluate the effectiveness of its teacher preparation programs, and particularly, the impact of such programs on students' academic achievement. How a State measures the effectiveness of the teacher preparation programs, however, is just as important. A State must measure the effectiveness of the teacher preparation programs in a manner that produces meaningful and useful information to both the State and to the teacher preparation programs.

Many States are already collecting critical information about student achievement. But in order to evaluate the effectiveness of teacher preparation programs in promoting student achievement, States need to do more than just collect data. Many States have already begun to develop comprehensive, integrated data systems. But many other States are constrained by limited budgets and competing policy priorities. The committee recognizes that States are at different stages in developing comprehensive data systems, but believes it is critical that all States have the capacity to accurately measure the effectiveness of teacher preparation programs and professional development activities.

Accordingly, this bill requires a State that applies for a grant under this section to describe its capacity to measure the effectiveness of teacher preparation programs using statewide data systems. If a State does not have the current capacity to measure the effectiveness of teacher preparation programs, it must describe the activities it will undertake to either enhance or expand the integration of existing data systems to better measure the effectiveness of teacher preparation programs, or in the event such data systems do not exist, plans to develop such a system. Recognizing that some States may need Federal resources to help build the capacity, the committee authorizes States to use funds under this section to enhance or expand the integration of existing data systems, or develop such a system to better measure the effectiveness of teacher preparation programs and professional development activities.

The committee believes that stronger accountability and comprehensive, integrated data systems will not only provide answers to the questions related to the impact of teacher preparation programs on student achievement, but will provide educators, policymakers, and teacher preparation programs with critical information on practices that lead to consistent student achievement gains.

## TITLE III—INSTITUTIONAL AID

Institutions that serve students historically denied access to postsecondary education because of race or national origin play an important role in higher education. They help preserve cultural traditions. At the same time they offer affordable, high quality college education to thousands of students as well as provide much needed job training. These institutions also provide crucial support services and add hope to communities that have high rates of poverty and unemployment. Recognizing the purpose and importance of these colleges and universities, it is the intent of the committee to reau-

thorize and strengthen programs supporting institutional aid for institutions with substantial percentages of high-need students, Tribal Colleges and Universities, Alaska Native and Native Hawaiian-Serving Institutions, Native American-Serving Institutions, and Historically Black Colleges and Universities.

AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES

There are 34 federally-supported Tribal Colleges and Universities (TCUs) in the United States. They educate over 30,000 students by offering associate's, bachelor's, and master's degrees as well as over 200 vocational certificate programs. Despite their significance, historically, TCUs possess limited financial resources. This hinders their capacity to maintain and update facilities and instructional resources. In today's world, a high quality education is very much dependent upon the technology and resources available to students. The committee recognizes TCUs do not have sufficient financial ability to provide these opportunities without Federal assistance.

To strengthen TCUs' capacity to offer quality educational opportunities to their students, the committee made changes to the way funding is distributed under this section. The committee gives the Secretary the authority to reserve up to 30 percent of awardable funds to address construction needs. If reserved, grants of not less than $1 million will be awarded to institutions for maintenance and renovation. The remaining money shall be awarded so that 60 percent goes to eligible TCUs by formula using the Indian student count and 40 percent goes in equal shares to those same institutions. The committee eliminates the wait-out period for these schools and establishes a minimum award of $500,000.

NATIVE AMERICAN-SERVING, NONTRIBAL INSTITUTIONS

The term "Native American" can be broad and encompassing. For the purpose of this legislation, the committee intends the term to mean a person having origins in any of the original peoples of North America and who maintains cultural identification through tribal affiliation or community recognition. This term may include Alaskan Natives and Native Hawaiians.

Native Americans are attending college at greater rates than ever and many of these students are attending nontribal institutions of higher education. In 2002, 42 public and private institutions of higher education served Native American student populations of 10 percent or greater. However, despite the increasing number of Native American students eligible for college enrollment, only 11 percent of the population graduates with a bachelor's degree or higher. Moreover, Native American students are disproportionately enrolled in 2-year colleges, and are much less likely to finish college than their non-Native American peers. Native American student educational attainment continues to lag far behind that of the total student population. Many Native American students come from families with low incomes, have parents with low levels of education, and are less likely to have completed a pre-college curriculum in high school.

With increasing enrollment, nontribal institutions of higher education that serve large populations of Native American students require resources to improve and expand their capacity to serve the

unique and diverse needs of their Native American student population. To assist nontribal institutions of higher education better serve Native American students, the committee has established a competitive grant program for those institutions serving a Native American student population of 10 percent or greater. Grants will support curriculum development and academic instruction, faculty development, and student services such as academic tutoring and counseling. The committee recognizes that the grant program will improve the capacity of Native American-serving, nontribal institutions of higher education to provide quality educational opportunities for Native American students to narrow the educational attainment gap and to better prepare students to meet the demands of a competitive workforce.

### HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

The committee believes there is great value in supporting programs for historically black colleges and universities (HBCUs). Although the Nation's HBCUs represent less than 5 percent of all the Nation's colleges and universities, they award almost 30 percent of all baccalaureate degrees received by African-Americans. Further, in some areas of science, math, and engineering, HBCUs account for more than half of all such degrees awarded to African-Americans. HBCUs also greatly contribute to the overall percentage of graduate and professional degrees earned by African-Americans. Nine of the top 10 colleges that graduate the most African-Americans who go on to earn Ph.D.s are HBCUs. Xavier University's graduate programs alone produce a quarter of the Nation's African-American pharmacists and send the largest number of African-American students on to medical schools.

## TITLE IV—STUDENT ASSISTANCE

### PELL GRANTS

The committee recognizes that Pell grants are the foundation for all need-based aid. In the 2003–04 award year, the $12.7 billion investment in the Pell grant program funded 5.1 million students with average grants of $2,466. By making small changes to the program, it is the committee's intent to increase the utility of Pell grants in ensuring that more low-income students are successful in postsecondary education.

The committee heard testimony from both traditional students and students who are working adults that they would like to attend school year-round so they can complete their education earlier. However, these students have been unable to accelerate their programs because of financial need; they have been able to receive only one scheduled Pell grant award during an award year. Although the Secretary is authorized to permit a student to receive two Pell grants during 1 award year on a case by case basis, the authority has not been exercised. The committee's intent is to ensure that students enrolled at least half-time in a 2-year or 4-year program leading to an associate's or bachelor's degree are able to receive up to two Pell grants in a single award year to enable them to accelerate completion of their educational programs.

The committee also established that a student would have eligibility for Pell grants for 18 semesters or an equivalent period of

time if semesters are not used. Students should be able to complete an undergraduate degree in 18 semesters.

TRIO PROGRAMS

The committee respects the work of the TRIO programs and recognizes their critical contribution to the success of low-income, first generation students as they apply, attend and earn degrees from undergraduate and graduate institutions. To ensure that information about the effectiveness of these programs is publicly available, the committee requires each program to submit information on its outcomes to the Department of Education, and the Secretary to prepare and submit that information to the Congress at least once every 2 years.

The committee recognizes the value of high quality programs and expects that in evaluating applications, the Secretary will award prior experience points only to those applicants that have administered programs that demonstrate the highest quality.

Controversy has arisen in recent competitions about applications that have been received from different campuses of the same institution of higher education, or multiple applications from one institution of higher education to serve distinct populations. It is the intent of the committee that a college or university with more than one campus be eligible to submit multiple applications and be considered for funding as long as its applications are meritorious. It is also the intent of the committee that an institution of higher education be permitted to submit more than one grant to meet the needs of particular populations within a program. Grantees may find that they need dedicated programs to serve students with disabilities or students with language needs; grantees should be given the opportunity to complete separate applications, each of which should be considered on its merits.

The committee has included as permissible services under the TRIO programs activities specially designed for homeless children and youth and for students who are in foster care or aging out of the foster care system. These provisions are intended to increase the availability of services that meet the unique needs of homeless students and students in foster care.

For the first time, the committee has directed that some activities become mandatory in the college access programs. For Upward Bound and Talent Search, each grantee will be required to provide tutoring, advisement in high school course selection and postsecondary course selection where possible, assistance in preparing for admissions tests and applications, assistance in identifying financial aid opportunities (including resources for locating public and private scholarships), and services to improve financial literacy.

The committee understands that Talent Search programs often cannot offer direct tutoring to all participants. However, if a program does not provide tutoring, it should connect participating students with appropriate tutoring available directly in their high school or through community based organizations to ensure that Talent Search participants are making satisfactory progress in all academic subjects as they prepare to apply to college.

Under Student Support Services programs, the committee changed "personal counseling" in current law to "consistent, individualized, personal, career and academic counseling provided by

assigned counselors" under permissible activities to encourage Student Support Services programs to link students with at least one adult with whom a student can establish a long-term relationship.

While having the same person manage cases in the Educational Opportunity Centers (EOCs) would be beneficial, the committee understands that both the numbers of those served and the types of services provided often do not allow that consistency. The committee encourages EOCs to do all that they can to facilitate relationships that provide the maximum support to their clients.

GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR UP)

Since its creation in 1998, the GEAR UP program has proved to be an impressive partner in improving access to postsecondary education for the neediest students. However, the committee has heard concerns that GEAR UP is difficult to administer and therefore the committee changes some provisions to make the program more flexible for institutions and helpful to students, thereby enabling the program to improve access to postsecondary education.

The committee is concerned about the growing number of students requiring remedial courses in postsecondary education. One way to address this concern is to ensure that more students take rigorous and challenging coursework at the secondary school level. Accordingly, the legislation requires States and partnerships to encourage more students to enroll in a rigorous and challenging curriculum. It is the hope of the committee that appropriate academic support provided in pre-collegiate programs, along with improved professional development opportunities, will minimize the need for remedial education for students and encourage timely progression toward college degrees.

The committee also includes, as optional activities for States, the use of GEAR UP funds in developing new secondary school models and personalized dropout recovery programs to improve secondary school completion and college success for grades 11–14. New secondary school models are coherent, whole-school designs that provide participating students with early exposure to college level courses and environments. Such models allow students to earn an associate's degree along with a high school diploma (or within the next year) or transferable credits toward a recognized postsecondary credential (such as an industry certificate or apprenticeship). Also critical are programs to help high school drop-outs gain access to college. These funds could also be used to develop personalized dropout recovery programs at community colleges that allow students to complete a regular high school diploma and begin college level work toward a recognized postsecondary degree. These State level models will demonstrate ways to improve secondary school completion and postsecondary success for grades 11–14 that can be replicated in other States and districts.

The committee recognizes that homelessness puts students at high risk of academic failure and dropping out of school; therefore, the bill gives priority status to homeless and foster students for the GEAR UP program. Furthermore, the committee intends that GEAR UP programs coordinate activities with school district liaisons designated under subtitle VII–B of the McKinney-Vento Homeless Assistance Act. McKinney-Vento school district liaisons

are well-positioned to assist the GEAR UP program with the identification, outreach, and recruitment of homeless students, and can help GEAR UP programs maximize available resources for these students.

Finally, the committee includes as permissible services under the GEAR UP program activities specially designed for homeless children and youth and for students who are in foster care or aging out of the foster care system. These provisions are intended to increase the availability of services that meet the unique needs of homeless students and students in foster care.

The committee makes it permissible for grantees to continue providing services to students who have completed secondary school and begun postsecondary education. The committee takes this step to enable GEAR UP programs to make it possible for students to receive ongoing, consistent support from the program that will enable them to succeed in college.

The scholarship is a key component of the program, not only because of the financial factor, but also because it serves as an incentive for the participating student to complete an academic program. The committee believes it is critical to the success of students served by the GEAR UP program, particularly State programs, that the scholarship funds be available to them upon completion of a secondary degree or its equivalent. To this end, the committee retains the requirement for State grantees that they dedicate a significant portion of grant funds for use in scholarship programs, which will be held in a separate trust for each cohort of students served by the State, or in the case of scholarships offered by partnership grantees, by the partnership.

It is the consensus of the committee that it is appropriate that students attending previous partnership schools may be served in future grants as long as the application demonstrates continued need for funding new activities. Therefore, subsequent applications from current grantees should be considered.

### LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP (LEAP) PROGRAM

The committee believes that the changes made to LEAP, including providing students with information about their grants and implementing the Grants for Access and Persistence program, will strengthen LEAP by leveraging the financial assistance provided under this program in a way that is more effective for students, States, and the Federal Government. These improvements to LEAP will broaden participation to include all stakeholders working to increase the number of financially needy students who can access and succeed in college.

The committee replaces the Special Leveraging Educational Assistance Partnership authorized under the LEAP program with Grants for Access and Persistence (GAP). By so doing, the committee seeks to reinvigorate LEAP, the only program in which the Federal and State governments work together to extend higher education opportunities to financially needy students. Under the GAP program, for LEAP funds above $30 million, States will be rewarded—via higher levels of matching dollars—for creating cohesive partnerships with colleges, foundations, businesses, and early intervention and mentoring programs. Access and persistence part-

nerships have three main purposes: to provide low-income students with adequate grant aid to ensure access to 4-year colleges and eliminate unmet need; to provide early notification to low-income students of their eligibility for financial aid; and to increase participation of low-income students in early information, intervention, mentoring, and outreach programs. Research on college access programs with such components has shown that participating students are more financially and academically prepared, and thus more likely to enroll in college and persist to degree completion.

The committee strongly encourages States to develop strong and broad partnerships that contain philanthropies and businesses, in addition to colleges and early intervention and mentoring programs. The committee also specifically provides States with flexibility in undertaking the new responsibilities authorized under the GAP program, including the ability to tailor the partnerships in ways that meet each State's individual needs. The committee encourages the Secretary and States to coordinate the early notification components of the GAP program with other existing or new early financial aid information efforts in order to avoid duplication of services or information.

The committee encourages the Secretary to provide States with sufficient flexibility to implement the GAP program efficiently and to ensure that program regulations, such as those regarding the portability of grants, align with existing LEAP program regulations. In light of the changes to LEAP with the addition of the GAP program, the committee also encourages the Secretary to provide transition time to States to assure the success of this new initiative.

### THE HIGH SCHOOL EQUIVALENCY PROGRAM AND COLLEGE ASSISTANCE MIGRANT PROGRAM

The committee recognizes that migrant students are among the most disadvantaged youth in this Nation. Current estimates place the dropout rate for migrant youth at between 50 and 60 percent. The High School Equivalency Program (HEP) and College Assistance Migrant Program (CAMP) have been successful in helping migrant students become productive members of society.

HEP provides intensive GED instruction and support services to migrant students who have not completed high school. HEP provides personal, academic and vocational counseling, health services, stipends, and housing for residential programs. CAMP grantees provide intensive support services to help migrant students make the transition into college. CAMP offers academic support, personal and career counseling, stipends, scholarships, health services, and other supports necessary to ensure that migrant students are successful in college.

The committee expands and improves the current programs so that children of migrant and seasonal farmworkers can share in the American dream and become more productive members of society.

The Higher Education Amendments Act of 2005 expands eligibility for CAMP to include "immediate family members," who would include spouses and siblings who would benefit the large migrant community. The bill also expands the definition of allowable activities and support services to include programs that ensure

that migrant students succeed in earning their GED and completing college, such as transportation, child care and follow up services for CAMP students. The bill also contains other important provisions including allowing for technical assistance support and an increase in the amount of minimum grants to ensure that programs receive sufficient funding to be effective.

CHILD CARE ACCESS MEANS PARENTS IN SCHOOL

Changes to the Child Care Access Means Parents in School (CCAMPIS) program reflect the committee's belief in the vital importance of promoting and expanding campus-based child care for low-income students to assist them in attending and completing postsecondary education. To help promote greater expansion of campus-based child care, the committee increased the minimum grant award from $10,000 to $30,000, to take effect when the amount appropriated for the program equals or exceeds $20,000,000. The committee believes that raising the minimum grant will increase the pool of institutions applying for and receiving grants, which will help to expand campus-based child care programs. Aligned with the committee's belief in the importance of increasing the number of institutions offering campus-based child care to low-income students, inclusion of a funding trigger for increasing the minimum grant award reflects the committee's aim of not wanting a reduction in the current number of grantees participating in the program. The committee also expands the definition of a low-income student to include individuals who are enrolled in a graduate or professional course or who are in the United States for a temporary period of time.

Continued support for this program demonstrates the committee's recognition of the benefits of campus-based childcare to parents enrolled in postsecondary education. These benefits include convenience of location, affordability, and high quality care. Despite the importance of campus-based child care, at current levels it is often not accessible to students, especially those who are low income. The committee believes that support for campus-based child care services serves the central goal of Federal higher education policy of improving access to postsecondary education.

FEDERAL FAMILY EDUCATION LOAN AND WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAMS

Most of the changes made to these programs are contained in title X; please see that section for these additional changes.

*Loan benefit disclosure*

It is the opinion of the committee that borrowers and potential borrowers should be provided full disclosure on benefits and repayment options. This should include, but not be limited to, information on reductions in interest rates by repaying a title IV loan by automatic payroll or checking account deduction or by completing a program of on-time repayment. Information should include any limitations on such plans, explicit information on the reasons a borrower may lose eligibility, and a description of the number or percentage of borrowers who successfully participate in such benefit programs.

FEDERAL WORK-STUDY

The committee recognizes the commitment of many colleges to integrate community service into their curriculum and into their institutional mission. In this reauthorization, the committee maintains the 7 percent mandatory spending of Work-Study funds on community service related jobs, but now gives institutions the option of meeting the community service requirement by providing a statement that says that 15 percent of their entire student body is involved in community service. In addition, the committee recognizes the effort involved in connecting students with jobs and has increased the job location and development dollar amount from $50,000 to $75,000 on each campus.

*Work colleges*

The bill includes language that encourages new models of student organized volunteer service projects. The committee believes that providing students the opportunity to participate in volunteer service projects associated with institutions of higher education is an excellent way to develop leadership and civic engagement.

PERKINS LOAN PROGRAM

The committee extends the authority of the Perkins Loan Program and the benefit extended through these loans to needy students and encourages institutions to continue to participate in this program.

The committee includes language that adds staff members working full time in a pre-K or child care program licensed or regulated by the State to the list of individuals eligible for Perkins loan cancellation. Inclusion of these individuals for loan forgiveness is meant to create an incentive for entry and retention of highly-trained staff into State licensed or regulated pre-K or child care programs. Today, over 11 million children receive care outside of the home before kindergarten. For millions of children, child care is their early learning setting in addition to their homes. Given that current Federal initiatives require State child care plans to develop a professional development system for child care providers, the committee believes it is important to fulfill this goal by helping to provide such early educators with the assistance they need to get a degree and to remain in the field.

The committee also recognized the needs of Tribally Controlled Colleges in recruiting faculty and added those faculty members to the population who are eligible for loan cancellation.

Finally the committee chose to add speech and language therapists and librarians, with a master's degree, who work in a title I eligible elementary or secondary school or, in the case of librarians, in a public library in a geographic area that contains one or more eligible schools.

NEED ANALYSIS

The committee recognizes the tremendous needs of working adults as they try to balance college with work and family responsibilities. In recognition of these competing factors, the committee amends the need calculation for students who are attending less than half time and allows students to use full cost of attendance

calculations for no more than 3 semesters of their undergraduate studies. Students, who are forced to reduce their course load for not more than two consecutive semesters, will still be eligible for the full Pell award for which they are otherwise eligible.

The committee also allows an institution the ability to include the cost of obtaining the first professional credential as an allowable cost of attendance in needs analysis for programs that require professional licensure or certification.

The committee clarifies that any qualified tuition savings plan as defined by the IRS, or other prepaid plans offered by States, are treated the same as a qualified education benefit.

*Professional judgment*

The committee applauds the appropriate use of professional judgment when assembling a student aid package at an institution of higher education. There are many areas that have come to our attention during this reauthorization that we hope can be addressed using professional judgment rather than by making statutory changes that could have unforeseen negative consequences. Students who have earned AmeriCorps education awards and veterans who have earned benefits could have the cash value of those awards considered over several semesters to diminish any negative impact on other need-based aid.

Students and parents who are recently unemployed, dislocated workers should have as simple an application process as possible. Dislocated workers should be able to easily access available financial aid so they can afford to go back to school and get any additional training they may need to re-enter the workforce. A worker who has lost his or her job and enrolls in an educational program may well never regain his or her past wages. Thus, the use of prior wages in the calculation may reduce aid that is desperately needed to retrain for a new job. The committee therefore clarifies the definition of special circumstances to enable dislocated workers to qualify for professional judgment.

The committee simplifies the application process for students with special circumstances who are often most at risk of not enrolling in higher education. To this end, the committee bill makes it easier for homeless youth to apply for and receive financial aid by including homelessness as part of the definition of a special circumstance that can qualify a student for professional judgment, at the discretion of financial aid administrators. The committee intends to further expand the definition of special circumstances to include students who are in foster care or wards of the court. The committee also intends to further simplify the application process for students in foster care and address current confusion regarding the dependency status of such students. The committee intends to clarify the definition of an independent student to make it clear that students in foster care or students who were in foster care prior to the age of 18 qualify as independent students. The committee recognizes there is a need to continue to refine categories of students who should be considered independent.

*Verification*

While the bill would significantly simplify the financial aid application process for students, the verification process remains bur-

densome for students and institutions. The committee therefore strongly encourages the Secretary to take steps necessary to simplify the verification process and increase the use of technology in verification.

GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

The committee is pleased with the efficient management of the financial aid system overseen by the Department of Education. To continue that smooth operation, the committee clarifies that the compliance calendar should provide all users with due dates for all reports and disclosures to be submitted, clearly defining the recipients and required method of transmittal and any other relevant information.

*EZ FAFSA*

The committee bill creates a new highly simplified paper form, the EZ FAFSA, for low income students who are eligible for the automatic zero Expected Family Contribution (EFC), the income threshold of which is increased in the bill to $20,000. The committee bill also phases out the full paper FAFSA and requires the Secretary to use savings from doing so to increase access for low-income students to electronic forms on the Department of Education's Web site for the FAFSA, currently known as FAFSA on the Web. It is the intent of the committee that the Secretary will field- and pilot-test the EZ FAFSA prior to full implementation, and that the paper EZ FAFSA will be appropriately phased in as the full paper FAFSA is phased out. In addition, the committee expects the Secretary to maintain an easily downloadable and printable version of the full paper FAFSA, to the extent feasible, that would allow students who may not have adequate access to the Internet to download, print, and submit such forms for full processing. To otherwise help students eligible for the auto-zero gain access to the simplified forms, the committee authorizes a free telefile system for students without Internet access that the committee encourages the Secretary to quickly test and implement, if feasible.

The committee bill also creates highly simplified electronic application forms to enable all students to answer the minimum number of questions necessary, including only those required by their State of residence. In addition, the committee strongly encourages more States to accept the two simplified need analysis formulas, the automatic zero EFC (auto-zero) and the Simplified Needs Test (SNT), and to annually communicate with the Secretary regarding their data requirements and use of simplified formulas. It is also the intent of the committee to request a study by the Government Accountability Office regarding the benefits and costs to States of increasing their acceptance of the auto-zero and SNT. In addition, the committee intends to further simplify eligibility for the auto-zero and SNT by aligning eligibility for these formulas with current or past participation in Federal means-tested benefit programs. The committee bill also allows students to apply for financial aid earlier and to complete the FAFSA at any time in order to receive early, nonbinding estimates of their EFC. Finally, the committee bill protects students by strengthening provisions regarding the prohibition of charges for FAFSA completion.

*Early awareness of financial aid eligibility*

The committee bill creates a comprehensive system to provide students and families as early as middle school, as well as adult learners, with better information regarding financial aid and early estimates of their aid eligibility. It is the intent of the committee for students and parents to receive adequate estimates of their eligibility for aid from multiple sources, including State and institutional aid, as early as possible to encourage increased preparation and plans for college. In addition, the committee encourages the Secretary to conduct a feasibility study to determine the practicability of allowing dependent students to apply for financial aid in their junior year using prior year income.

*Return of Title IV funds*

Under the statute, a student is not required to return 50 percent of the aid he or she receives under the return of title IV aid provision. It may provide clearer interpretation if grant protection were determined by subtracting one-half of the original grant amount the student received, or was eligible to receive, from the amount of grant aid the student is expected to repay.

*Information for students—exit interviews*

The committee supports institutions of higher education that choose to utilize the expertise of the Secretary, guaranty agencies or lenders who offer information to assist them in providing the highest quality exit interviews. The institution is also required to discuss the effects of consolidation, tax benefits and other borrower benefits.

*Institutional information*

In addition to the information on college costs, the committee also believes it is important for students and their parents to have access to information regarding the transfer of credit, employment and graduate education outcomes. The committee includes these provisions in the list of information that must be made readily available to prospective and enrolled students. However, the committee recognizes the efforts of many institutions of higher education to provide data on these outcomes already, and encourages the Secretary to consider these efforts when implementing this section, in order to ensure these requirements do not become an onerous requirement for institutions.

At its July 20, 2005 meeting, the Executive Committee of the State Higher Education Executive Officers (SHEEO) directed its staff to explore means of promoting the further development and voluntary coordination of student record systems among the States. The SHEEO Executive Committee action was based on the recognition that, in varying degrees of comprehensiveness, 39 States already implement student unit record systems that enable States to inform public policies by examining information on college attendance patterns, completion rates, actual costs, and the availability of financial assistance for all students.

The SHEEO Executive Committee action reflected the following purposes and principles: SHEEO should examine existing State data systems and encourage the coordination and consistent development of such systems to improve the accuracy and validity of pol-

icy information and facilitate the development of information-sharing systems to monitor postsecondary participation, costs, and student success. Such systems ideally should include information on: (1) Student characteristics (demographic data); (2) Student enrollment; (3) Costs and financial assistance; and (4) Degree or certificate completion.

The committee encourages those 11 States that do not currently have an effective State data system to develop such a system.

All State data systems should continue to maintain fail-safe safeguards to protect the privacy of individuals. All data analysis should be used exclusively for policy research on groups of students, with no disclosure or reporting of data on individuals or small groups that might involve violating the privacy of individuals. The committee supports research and discussion to foster improved policy data systems, involving and informing all sectors of higher education, policymakers, and others seeking to improve educational attainment in the United States.

Institutions are now required to report disaggregated information on the student body by gender, major racial or ethnic groups and Pell-eligibility status. In reporting graduation rates, institutions are allowed to take into consideration service in the armed forces, religious missions, or Government foreign service when calculating time to degree.

The committee includes language regarding the transfer of credit based on the findings of a GAO study, issued in October of 2005, that indicates many institutions do not have a formal transfer of credit policy, and that many institutions do not accept credits from institutions accredited by certain accrediting bodies or associations. Institutions are required to have a clearly stated public disclosure of their transfer of credit policies, including a statement that the institution will not deny transfer of credit based solely on the accreditation of the institution from which the student transfers. This provision is intended to make sure that students have the best information possible when considering transferring from one institution to another. The committee does not expect this provision to impinge on the ability of institutions to develop articulation agreements with other institutions within the State or outside of the State, nor does the committee expect this provision to limit the ability of institutions to develop transfer of credit policies that take into account other factors, such as the quality, rigor, or relevance of the transferring students' previous coursework.

*Experimental sites*

The committee retains experimental sites and suggests that in addition to the list of suggested areas of experimentation, new or existing sites may want to look at the use of modular or compressed coursework as a way to expedite degree completion.

*Advisory Committee on Student Financial Assistance*

The Advisory Committee is charged with conducting a review and analysis of title IV regulations. It is the intent of the committee that the review and analysis of regulations will not take the place of the Advisory Committee's other ongoing charges from Congress, including those related to access and persistence for low- and middle-income students. The committee intends for the Advisory

Committee to conduct the regulatory review and analysis while also fulfilling its existing responsibilities and its additional new charge to conduct a study on innovative pathways to degree attainment, including pathways for adults and out-of-school youth. It is also the intent of the committee for the Secretary to provide the Advisory Committee with the necessary resources to be able to conduct the review and analysis of regulations while fulfilling its other responsibilities to Congress.

ACCREDITATION

Accrediting agencies or associations recognized by the Department of Education are invested with a public trust and perform an important public function. Congress expects that those receiving Department recognition will perform those functions with the same diligence and competence as would be provided by any public body and that their procedures will reflect the same level of transparency, due process, and accountability that would apply to the Department if it performed this function itself.

The new language governing accrediting agencies or associations applying and enforcing standards that respect the missions of institutions of higher education, including religious missions, is not intended to allow an institution to deny a person participation in, the benefits of, or to subject a person to discrimination under any program or activity receiving Federal financial assistance under existing laws, including those with respect to race, color, religion, sex, national origin, age, or disability; or because the person has not complied with a standard of the institution that requires the person to discriminate on a basis described on any of these: race, color, religion, sex, national origin, age, or disability.

*Due process*

The committee is concerned that institutions of higher education do not currently receive appropriate minimum due process protections when undergoing accreditation evaluations. Accordingly, the committee has added a new section which provides that, prior to any final action, an adversely affected institution may submit a written response to be included in the record of such decision and, further, that this institution may seek an appeal before a panel comprised only of members that did not participate in the underlying adverse decision and do not otherwise possess any conflict of interest.

In regard to the awarding of accreditation or reaccreditation of an institution, the word "finding" is included in the committee bill. The word "finding" means a substantive conclusion related to the agency's standards or the Secretary's criteria that is reached in connection with a decision.

## TITLE V—DEVELOPING INSTITUTIONS

According to Census Bureau data, the Hispanic population in the United States grew by 25.7 million between 1970 and 2000. The most recent data indicate that the Hispanic population represents approximately 14 percent of the U.S. population, making it the Nation's largest minority group. Further, while the overall labor force is projected to slow down over the next decades as an increasing

number of workers reach retirement age, the Hispanic labor force is expected to continue growing at a fast pace. It will expand by nearly 10 million workers between now and 2020. Estimates project that by the year 2050, one in four Americans will be of Hispanic origin. The committee recognizes that the Nation's economic and social success rests, in large part, on the level of skills and knowledge attained by our Hispanic population. Hispanic-serving institutions play a critical role in the attainment of such skills and knowledge.

Hispanic-serving institutions (HSIs) have a record of increasing the number of Hispanic students enrolling in and graduating from college. Although HSIs account for only 5 percent of all institutions of higher education in the United States, HSIs enroll over half (51 percent) of all Hispanics pursuing higher education degrees in the 50 States, the District of Columbia, and Puerto Rico. Despite this progress, Hispanics still lag behind their non-Hispanic peers in postsecondary school enrollment. In 2000, only 21.7 percent of all Hispanics ages 18 through 24 were enrolled in postsecondary degree-granting institutions in the United States. Moreover, Hispanic students are disproportionately enrolled in 2-year colleges, and are much less likely to finish college than their non-Hispanic peers. According to the Department of Education, in 2000, Hispanics earned only 6 percent of all bachelor's degrees awarded, 4 percent of all master's degrees, and only 3 percent of all doctorates.

Therefore, the capacity of institutions of higher education to serve the increasing number of Hispanic students must be expanded and improved. Building on previous success, this bill strengthens HSIs by establishing a competitive grant program to expand post-baccalaureate degree opportunities at HSIs. Current law provides support only for 2-year and 4-year institutions; this bill establishes support for graduate programs at HSIs. Grants will support graduate fellowships and support services for graduate students, as well as supporting facilities improvement, faculty development, technology and distance education, and collaborative arrangements with other institutions.

The committee recognizes that current law places a number of unnecessary, burdensome administrative and regulatory barriers on HSIs. It is the committee's intent to increase educational opportunities for all students, and particularly Hispanic students, and accordingly, to eliminate bureaucratic barriers that limit access.

This legislation removes the requirement that HSIs must wait 2 years before becoming eligible to apply for another grant under title V of the Higher Education Act. The current 2-year wait-out period does not provide the opportunity for many HSIs to implement ongoing programs and conduct long range planning. As a result, many HSIs cannot maintain continuity in educational programming. By eliminating this wait-out period, the committee is focused on creating opportunities to improve the quality of education for Hispanic students attending HSIs.

The bill also removes the requirement that HSIs document that 50 percent of their Hispanic enrollment are low-income individuals. As HSIs are already required to serve "needy students"—meaning at least 50 percent of the degree students are receiving Federal need-based assistance or the institution's percentage of Pell grant recipients exceeds the median percentage for similar institutions

receiving Pell grants—this requirement is duplicative. Further, the low-income provision requires institutions to collect information and data that has not been readily available or easily acquirable. There is no other requirement in Federal law for institutions of higher education to collect this type of data. As a result, many institutions with large Hispanic student populations must divert resources and staff to acquire this information. Without such information they do not qualify as an HSI.

Rather, the committee believes that these institutions should devote resources to building capacity and serving the growing Hispanic student population. To ensure that the institutions continue to serve needy student populations, this bill maintains the requirement that needy students must be served, but eliminates the additional requirement that the schools demonstrate that 50 percent of their Hispanic students are low-income.

The bill also facilitates the transition of Hispanic students from 2-year colleges to 4-year colleges, including courses designed to retain students through program completion. As noted earlier, Hispanics are disproportionately enrolled in 2-year colleges as compared to their non-Hispanic peers. To encourage and support these students' continued education, this bill adds, as an authorized activity, programs that assist a student's transfer from a 2-year institution to a 4-year institution.

With these provisions, the committee provides institutions of higher education with the resources and flexibility they need to build capacity and serve the increasing Hispanic student population.

## TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

For more than 4 decades, title VI international education programs have served the Nation in developing and maintaining today's national higher education infrastructure for the study of more than 220 foreign languages, foreign cultures, and international business. As witnessed in recent years, foreign language and cultural knowledge needs have significantly increased throughout the Federal Government due to a wider range of security threats, the emergence of new nation states, and the globalization of the United States economy. Likewise, American business and education increasingly need internationally experienced employees to compete in the global economy, to manage a culturally diverse workforce, and to impart international skills and understanding to our citizens. In a time of heightened security needs, when our economy demands that we enter new markets, and when the world requires us to engage in diplomacy in more thoughtful and considered ways, it is vital that we have at our disposal a multilingual, multicultural, internationally experienced workforce and citizenry. To help meet these challenges, the committee updated and strengthened several title VI programs.

### DIVERSITY OF VIEWS AND RESOLUTION OF DISPUTES

The committee is concerned about reports of bias and one-sided treatment of subject matter in some title VI-funded activities and programs. The committee believes that students' interests are best served when they are exposed to a variety of perspectives on topics

under consideration, particularly those that are controversial. Accordingly, the committee requires grant applicants to describe in their applications how activities funded by a grant will reflect diverse perspectives and a wide range of views, as well as generate debate on world regions and international affairs, where applicable. Applicants are also required to describe how they will address potential disputes concerning the extent to which funded activities reflect diverse perspectives and a wide range of views.

If a complaint regarding activities funded under this title is not resolved under the process outlined in a grantee's application, and such complaint is then filed with the Department, the Secretary must be notified. When circumstances warrant, the Secretary is authorized to immediately suspend future funding for the grant pending the resolution of such dispute, which must be accomplished within 60 days. Funds must be returned to the university or program if at the end of 60 days a dispute has been resolved in their favor or, in order to ensure that disputes are resolved within 60 days, if the Secretary has not rendered a final decision. Suspension of funds shall not apply to awards that have been made to individual students under the Graduate Fellowships for Foreign Language and Area or International Studies Program. The committee intends for the Secretary to provide a procedure by which grantees may take corrective action when a dispute is not ruled in their favor. The Secretary shall take into account the outcomes of such proceedings when determining the renewal of grants. It is the committee's intent that disputes be resolved at the campus level to the greatest extent possible, and that the Secretary suspend funding only when grantees egregiously violate the conditions and terms of their grants.

Recent allegations about bias at the area studies centers funded under this title have been the cause of much discussion on the committee. The purpose of the Federal funding to these centers is to improve information and research about the areas of the world that are often in the international spotlight. It is imperative that funded centers offer diverse perspectives and a wide range of views on the issues. In order to address concerns it will now be required that each applicant for funding demonstrate how they will provide this diversity and how they will address any allegation of bias. Should the Secretary have evidence that a funded center has failed to do this, he or she is authorized to suspend future funding.

INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

*Consultation*

The committee recognizes that programs and grants under this title focus on a variety of world regions, foreign languages, and international subjects. To ensure that grants are appropriately focused on areas of national need for expertise in such matters, the Secretary is directed to consult with and receive recommendations from the Secretary or designees of the National Security Council, the Department of Homeland Security, the Department of Defense, the Department of State, the Federal Bureau of Investigation, the Department of Labor, the Department of Commerce, the Director of National Intelligence, and other relevant agencies, such as the Department of Health and Human Services. These entities are also

required to inform the Secretary of how they utilize the expertise and resources provided by grantees under this title. The Secretary must take such recommendations and information into account when requesting applications for funding, and make available to applicants a list of areas identified as areas of national need. The committee believes such consultation and information-sharing is particularly important in light of the war on terror, the growing range of security threats, increasing global economic competition, the recently documented shortages of individuals proficient in critical foreign languages and area expertise in many government agencies, businesses and other organizations, and the need for greater mutual understanding between the United States and other nations and cultures. Accordingly, the committee also directs relevant grant applicants to describe in their applications how they will encourage government service in the areas of national need identified by the Secretary.

*Survey*

To better gauge the impact of programs funded under this title in meeting national needs for expertise in foreign languages and world regions in various sectors, the committee directs the Secretary to assist relevant grantees in developing a survey to administer as appropriate to students who have participated in title VI programs to determine post-participation placement. The committee wishes to determine the number of students pursuing public service, including government service, health careers, careers in international organizations, businesses or nonprofits, and careers in research, as well as advanced education or other activities. The committee is particularly interested in determining the extent to which students utilize the knowledge and skills gained through participation in title VI programs in ways that contribute to meeting national needs.

*Graduate and Undergraduate Language and Area Centers and Programs*

The committee has made several improvements to strengthen the Graduate and Undergraduate Language and Area Centers and Programs. Authority is added clarifying that the National Language and Area Resource Centers may use title VI funds for the purpose of hiring instructors of less commonly taught languages. This change addresses the increased demand for courses offering rare languages related to national security interests and for which faculty may not be readily available. Revisions to current law also permit additional grants to the National Language and Area Resource Centers to strengthen outreach to State and local school districts. The committee has restored eligibility of undergraduate students to receive Foreign Language and Areas Studies (FLAS) fellowships. Permitting undergraduate students to receive these fellowships serves the national interest by supporting early language and world area study to help individuals achieve high levels of proficiency in the less commonly taught languages. The committee intends that undergraduate students be allowed to use FLAS fellowships in the United States and abroad for intermediate or advanced study of the less commonly taught languages and of foreign cultures. The committee recognizes that foreign immersion experi-

ences are critical for achieving high levels of proficiency in the less commonly taught languages, which are important to the Nation's national security interests.

*Undergraduate International Studies and Foreign Language Programs*

The committee modified the Undergraduate International Studies and Foreign Language Programs to increase the cap on funding for this section to 20 percent. Institutional grants for enhancing the international dimension of undergraduate education are critical to increasing the number of Americans in the pipeline to foreign language fluency and international knowledge. Given current shortages of such personnel throughout government, education and the professions, the committee believes increased funding should be permitted to respond to rising demand. The committee urges the Department of Education to encourage the development of programs that stress the teaching of foreign languages for practical and professional use, including programs that promote foreign language education across the curriculum. Additionally, the committee revised current law to allow up to 10 percent of a project's funds to be used for sending undergraduate students on educational programs abroad that are closely linked to the project's goals and have the purpose of enhancing foreign language proficiency and deepening cultural knowledge.

*Research and studies*

The committee recognizes that international and foreign language education represents an evolving field in the United States, one with increasing importance for the national interest. The Research and Studies program plays an important role in enhancing international and foreign language education. The committee urges the Secretary to engage in data collection and analysis of international education and foreign language needs and outputs on an ongoing and systematic basis, and to regularly make the results publicly available. The committee also encourages the Secretary to consider projects that assess the impact of student learning abroad, develop proficiency assessments for the less commonly taught languages where not in existence, assess the relationship between gains in foreign language proficiency and cultural learning, and assess the use of technology for language acquisition and proficiency.

*Technological Innovation and Cooperation for Foreign Information Access*

The committee updated and strengthened the Technological Innovation and Cooperation for Foreign Information Access program. The committee added nonprofit educational organizations as eligible grant recipients in consortia with institutions of higher education and/or public or private non-profit libraries. The committee also clarified that funds may be used for the acquisition of printed materials from abroad for the purposes of this section. Currently authorized activities, such as applying new technologies to indexing, cataloging, preserving, disseminating, and providing access to foreign materials, require that the materials be available. The committee added new authorized activities for establishing linkages with institutions abroad that facilitate access to foreign informa-

tion and provide the Department of Education flexibility to establish new activities deemed useful for carrying out the purposes of the section.

BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

No alterations were made to the Business and International Education Programs. The main purpose of the business and international education grants has been to support programs of local and State scope.

INSTITUTE FOR INTERNATIONAL PUBLIC POLICY

The changes to the Institute for International Public Policy (IIPP) grant program reflect the committee's belief in the continued importance of increasing the number of African-Americans and other underrepresented minorities in the international service.

*Minority Foreign Service Professional Development Program*

The committee included language that permits the Secretary of Education to waive or reduce the non-Federal matching share requirement of the eligible recipient. This will permit the successful grantee to implement all of the objectives set forth in part C with both federally appropriated funds and private in-kind and cash contributions in a post-9/11 world.

*Institutional development*

The committee added language to clarify that the academic programs intended to receive support through the grants awarded by the Institute are international affairs, international business, and foreign language study programs. In an era of globalization where public policy is often driven by private sector considerations, it is important that IIPP's program of training and capacity building encompass the fullest range of issues and subject matter.

*Advanced degree in international relations*

The committee wishes to allow eligible students to earn a doctoral degree, where appropriate, instead of the master's degree mandated by current law. The current program limitation to offering master's degrees may not be appropriate for some students in certain fields of study. The addition of the doctoral degree will not only increase the number of minority Ph.D. experts, especially in areas relating to national security, it will increase the depth and breadth of national security and international affairs expertise from which the Nation can benefit.

*Financial assistance*

To support the goal of increasing the representation of African-Americans and other underrepresented minorities in international service, the committee included provisions relating to financial support for students. Under the new provisions, students will be eligible to receive summer stipends to help defray costs for participation in the summer institute funded under this part. The committee also authorized a Ralph Bunche scholarship to help finance the education of students enrolled in programs funded under this part. The scholarship honors the life and career of Ambassador Ralph Bunche, who became the first person of color to receive the

Nobel Peace Prize in 1950. The committee finds it fitting that a scholarship to foster greater participation in international service by African-American and other underrepresented students of color should be named after Mr. Bunche.

### GENERAL PROVISIONS

The committee added new sections to the General Provisions to allow the Department of Education discretionary funding (up to 1 percent of title VI appropriations) for evaluation, national outreach, and information dissemination. The committee urges the Department to increase outreach to the higher education community about the funding opportunities available under title VI, as well as to find new ways to provide greater national accessibility to and awareness of the expertise and knowledge that these programs produce.

## TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

### GRADUATE EDUCATION PROGRAMS

Graduate and professional education programs in the United States are respected and emulated worldwide. They attract and educate the best and brightest domestic and international students. Our unique system of combining graduate education with teaching and research strengthens the American education system, while producing highly educated individuals who will become the next generation's leaders in education, government, medicine, and industries vital to our Nation's competitiveness, economy, security, and well-being.

Unlike graduate education programs in other Federal agencies, the Department of Education's programs provide support for the entire range of academic disciplines, including the sciences, arts, social sciences, and the humanities. The Department currently administers 2 graduate programs: Graduate Assistance in Areas of National Need (GAANN) and Jacob K. Javits Fellowships. GAANN provides traineeships to students of superior academic ability in academic departments at universities that offer a course of study that leads to a doctoral degree in an area of national need designated by the Secretary of Education. The Javits program competitively awards portable fellowships to top graduate students pursuing a doctoral or the highest degree possible in the arts, humanities or social sciences.

The committee endorses the goals and success of the GAANN and Javits programs and seeks to further strengthen their achievement and purpose. It is the intent of the committee to make additional changes to Javits to ensure the diversity of its Fellowship Board in terms of institution type, range of disciplines, minority status and geographic location. The committee also seeks to establish parity between the GAANN and Javits award amounts and the National Science Foundation's Graduate Research Fellowship Program.

In determining current and future areas of national need, the committee directs the Secretary to consult with various Federal and nonprofit agencies and organizations. The committee instructs the Secretary to also give serious consideration to employment pro-

jections by the U.S. Bureau of Labor Statistics in assessing current and future professional workforce needs, and to designate fields experiencing significant shortages, such as registered nursing and elementary and secondary education, as areas of national need. In addition, the committee directs the Secretary to establish a priority for grants in those areas of national need where there are significant professional workforce shortages.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

There are a variety of issues and problems impacting postsecondary education. The Fund for the Improvement of Postsecondary Education (FIPSE) was created to identify new ideas and practices to address these concerns. The FIPSE program awards grants designed to support innovative reform projects to resolve relevant issues and problems impacting postsecondary education. Since its inception in 1973, FIPSE has provided grants to some of the boldest innovators in education. The committee supports the mission and purpose of FIPSE and expands several of its provisions, including the areas of national need under special projects.

The committee anticipates that one of the new activities provided through special project grants will improve secondary school graduation and college attendance and completion rates for disadvantaged students. While there are many secondary school reform models that could meet this eligibility requirement, the committee would like to make note of one particular model program called Project GRAD. Project GRAD is a comprehensive, cost-effective program with a record of improving the academic achievement and college access of students from low-income backgrounds. Project GRAD's integrated approach to teaching and learning includes working with an entire feeder system in a school district, the local non-profit Project GRAD organization, community involvement and collaboration, and existing assets. Project GRAD delivers a comprehensive set of research-based programs in reading, mathematics, classroom management, social services/parent involvement, and college preparation. In addition, Project GRAD provides a 4-year college scholarship to all students who qualify. It is this unique structural approach that contributes to higher academic standards and offers the dream of graduation and college to all the students within a feeder system, or even an entire district.

Members of the committee are also aware of the special project grant awarded to the Shepherd Program at Washington and Lee University and support its efforts to coordinate and expand its activities, through the Shepherd Consortium of colleges and universities, to provide an integrated curricular and co-curricular interdisciplinary study focusing on poverty and human capability for university and law students with internships in non-profit agencies in disadvantaged communities. The Consortium will include among others: Georgetown University, Vanderbilt University, Berea College, Morehouse College, Spelman College, Middlebury College, Morgan State University, the University of Arkansas at Little Rock, and the University of Richmond. The Secretary is authorized to make grants under section 741 for the Shepherd Consortium. Members of the committee envisioned, in the development of this provision, the Shepherd Consortium's combined approach of core

academic curricula with service learning internships, as a means to assist those in disadvantaged communities.

The committee encourages the Department of Education to explore and fund law school programs focusing on the interface of law and public health. The committee urges the Department to establish a consortium of at least four academic institutions, such as the University of Alaska, the University of Hawaii, the University of Wyoming, and Boston College, to promote the development and implementation of such programs and research activities. These educational programs should emphasize cultural and socioeconomic diversity, multicultural variables in communication, and the uniqueness of rural communities in training students, professors, and health and legal professionals in public health policy advocacy.

DEMONSTRATION PROJECTS TO ENSURE STUDENTS WITH DISABILITIES RECEIVE A QUALITY HIGHER EDUCATION

Students with disabilities struggle to access and persist through higher education. Students with disabilities are 10 percent less likely to enroll in some form of postsecondary education compared to students without disabilities. They are much less likely to be minimally qualified to enroll in postsecondary education than their counterparts without disabilities. Similarly, those students who enroll in postsecondary education are less likely than their counterparts without disabilities to stay enrolled in or earn a postsecondary degree or credential. Despite these shortcomings, those who do graduate go on to be quite successful in the workforce. College graduates with disabilities enroll in graduate school or are employed full-time on a par with graduates without disabilities.

The committee recognizes the unique challenges students with disabilities face when trying to access higher education and their overall significance to our Nation's workforce. It is for this reason that the committee encourages institutions of higher education to decrease barriers to higher education for students with disabilities. The bill amends the authorized activities under part D by adding several provisions in which institutions of higher education may engage to accomplish this goal. The bill requires that the academic and programmatic needs of students with disabilities must be met as part of the development of innovative, effective, and efficient teaching strategies. The committee recognizes that the retention and completion rates of postsecondary programs for students with disabilities is quite poor, and added this provision in an attempt to improve such rates. The committee added language to address the insufficient postsecondary education and employment outcomes for students with disabilities by including the development of teaching strategies to ensure the successful transition of students with disabilities from secondary to postsecondary education, and aligned them with the new transition requirements in the Individuals with Disabilities Education Act and the Workforce Investment Act.

The committee also added a new data collection requirement. This provision, collecting data on employment outcomes of students with disabilities after the receipt of postsecondary education, was added to gain information on the employment outcomes of such education for students with disabilities. The committee intends that such research, information, and data will be made broadly accessible through means such as web-based clearinghouses, portals

or other means of cataloging and making available collected information. The committee recognizes that the use, and accessibility of technology can be a barrier to students with disabilities accessing distance learning courses.

The Disability Career Pathways activity was included to recognize the importance of developing the next generation of professionals to work with individuals with disabilities. It provides training for postsecondary staff to enable them to educate young people about disability related fields of study. As a result, it is expected that more individuals will pursue careers in these fields. The committee intends that activities authorized under this section will focus on making postsecondary education more accessible to students with disabilities through curriculum development. The Secretary of Education is required to review and disseminate a report of the demonstration project activities funded under this section to provide guidance and recommendations to all institutions of higher education on how successful projects can be replicated.

## TITLE VIII—MISCELLANEOUS

This title contains the new programs that the committee came to agreement on within the Higher Education Amendments of 2005.

### MATH AND SCIENCE SCHOLARS PROGRAM

This new initiative is designed to encourage more high school students to take a rigorous secondary curriculum in math and science. The committee believes that this effort is necessary to encourage more students to become interested in these areas to continue to allow the United States to remain competitive internationally. The fields of math and science are critical to the economic growth and national security of the United States. Our economy today is more reliant on workers with greater quantitative skills, scientific knowledge and technological expertise. Unfortunately, the supply of these qualified workers here in the United States is not keeping up with business demand, forcing American industries to rely on foreign talent to fill the gaps.

According the National Center for Education Statistics, U.S. 4th graders score well in math and science against international competition, but they fall near the bottom or dead last by 12th grade in these subject areas. This may be due in part to the small number of high school students taking advanced math or science courses. A report from the Task Force on Mathematics and Science Achievement suggests that most U.S. high school students take no advanced science courses, with only one-quarter enrolling in physics and one-half in chemistry. In addition, while most countries introduce algebra and geometry in the middle grades, only one in four U.S. students take algebra before high school. Further, approximately 90 percent of U.S. high school students stop taking math before getting to calculus.

With limited Federal resources, it is imperative that we make smart investments and target funding to those areas that are critical to our Nation's future. The committee believes the new Math and Science Scholars Program is one such smart investment. It is a competitive grant program to award merit-based scholarships to eligible students who complete a rigorous high school curriculum in

mathematics and science. Students are eligible to receive a scholarship of up to $1,000 per year for up to 2 years of undergraduate study. Eligible students must be in their first or second year to receive a scholarship.

The committee also believes that State involvement in this new program is critical to its success. States will be required to match at least 50 percent of the Federal funds to participate. The committee believes that States should also be given flexibility in tailoring the scholarship program to State standards or needs. Participating States, and not the Federal Government, will determine what constitutes a rigorous high school curriculum in math and science. States may also set a priority in awarding these grants to eligible students, but such a priority is not required. Such priority could be to respond to specific needs in areas of the State or to address attracting students from groups underrepresented in the math and science fields. These provisions are designed to require participating States to make the commitment to a strong math and science curriculum at the secondary level and ultimately attract more students to pursue these fields.

POSTSECONDARY EDUCATION COST STUDY

There has been ongoing debate about the spiraling cost of college and the appropriate Federal role. The purpose of this study is to give the public and the Congress an independent assessment of the financial factors associated with postsecondary tuition costs. The assessment will examine the key elements linked with the cost of tuition and identify and evaluate effective measures that may be utilized to control future postsecondary education costs. To carry out this study, the committee believes the Secretary should enter into a contract with an independent, bipartisan organization that has specific expertise in public administration and financial management such as the National Academy of Public Administration. The results of this study will inform future discussion on college tuition and help future congresses examine this complicated issue with greater clarity.

JOB SKILL TRAINING IN HIGH-GROWTH OCCUPATIONS OR INDUSTRIES

The needs of today's workforce have created an increased demand on colleges to respond quickly to the education and specific skills training needs of businesses. These competitive grants would allow institutions of higher education that offer a 1- or 2-year program leading to a degree or certificate to work with local workforce boards to create innovative programs to respond to high-growth industries. Colleges could develop curricula or customize programs to match workers with the skills in demand in particular industries.

GRANT PROGRAM TO INCREASE STUDENT RETENTION AND PROMOTE ARTICULATION AGREEMENTS

One of the most pressing issues in higher education today is retention and persistence toward degree. Fewer than half of the Black and Hispanic students who began full-time study at a 4–year college in 1995–96 with the goal of earning their B.A. had completed that degree 6 years later, whereas 70 percent of their white and Asian-American counterparts had completed. This discrepancy

has a direct correlation with employability and quality of life and the reason that the committee felt the need to address this problem.

This competitive grant program would target assistance to colleges enrolling at least 40 percent of need-based aid eligible students and would direct funds to providing counseling and advisement on course selection and financial management, mentoring and direct instruction and tutoring to support students as they complete coursework or transition from 2-year to 4-year colleges.

### AMERICAN HISTORY FOR FREEDOM

The committee bill authorizes a new "American History for Freedom" program to make competitive grants available to institutions of higher education for the purpose of establishing or strengthening programming in Traditional American History, Western Civilization, or Free Institutions. The program will help ensure that more postsecondary students have the opportunity to participate in courses of study and activities focused on these critical subjects, and that prospective teachers have access to a solid foundation of content knowledge.

The committee notes that today, more than ever, it is important to preserve and defend our common heritage of freedom and civilization, and to ensure that future generations of Americans understand the importance of traditional American history and the principles upon which this Nation was founded and on which it continues to rely. In a time when our values and ideals are questioned, is also important to develop an understanding of the nature of free institutions, of the events and principles that brought them into existence, and of how they have been defended in the past.

### TEACH FOR AMERICA

The committee establishes and authorizes grants for Teach for America, a national program that recruits recent successful college graduates to teach for up to 2 years in underserved communities in the United States. This money would be used to recruit, select, train and support these graduates so that they could be placed through an agreement in schools in districts with which there are agreements. In addition these funds will support a study to assess the quality of the Teach for America participants.

### PATSY T. MINK FELLOWSHIP PROGRAM

The committee bill includes authorization for a new Federal fellowship program linked to service in the higher education professoriate. The Patsy T. Mink Fellowship program honors Congresswoman Patsy Mink of Hawaii who served in the House of Representatives for more than 27 years. She was a faithful and dedicated member of the House Education and Labor Committee and the Committee on Education and the Workforce during her service in the House. In addition to her role as a driving force and the author of Title IX of the Education Amendments of 1972, which created equity in scholastics and in athletics for women and girls, including at colleges and universities, Mrs. Mink worked hard to expand educational opportunities at all levels for low-income, minor-

ity, educationally-disadvantaged, first-generation, and disabled students.

The committee believes that it is fitting that a program designed to enhance the presence of minorities and women in the higher education professoriate should bear Mrs. Mink's name. A recent Woodrow Wilson National Fellowship Foundation report, Diversity and the PhD: A Review of Efforts to Broaden Race and Ethnicity in U.S. Doctoral Education, documents the under-representation of minorities receiving doctorates. The Mink Fellowship program will not only contribute to student persistence in obtaining the doctorate, but also will encourage students to continue in the professoriate beyond the service requirement mandated by law.

STUDY ON COLLEGE ENROLLMENT BY SECONDARY SCHOOLS

The committee recommends that the Department collect, in full compliance with FERPA, college enrollment by secondary institution and graduation year from postsecondary institutions via the Integrated Postsecondary Education System (IPEDS), and diploma recipients by secondary institution and graduation year from States via the Common Core of Data (CCD), both of which are existing data-collection systems within the National Center for Education Statistics.

The committee intends for these data to be used purely as a tool for secondary institution leaders to measure the success of their initiatives and innovations aimed at increasing college enrollment. Data provided under this provision are not intended to be used by Federal, State, or local governments to hold schools, their administrators, teachers or staff, accountable or suffer any repercussions as a result of the data. The committee specifically opted to make trend data rather than absolute numbers available to allow for examination of progress over time rather than comparisons between schools.

The committee recommends that the Department contract with College Summit, Inc. to calculate and make publicly available year-to-year college enrollment rate trends by secondary institution because College Summit is the preeminent national non-profit organization concentrating on increasing college enrollment rates in low-income communities, working both multi-state and school-wide.

## TITLE IX—AMENDMENTS TO OTHER LAWS

EDUCATION OF THE DEAF ACT OF 1986

*Coordination with the No Child Left Behind Act and accountability for student outcomes*

The committee strengthened Gallaudet's elementary and secondary schools' accountability by aligning such requirements with the accountability requirements in the No Child Left Behind Act of 2001 (P.L. 107–110). Specifically this provision requires Gallaudet to select the academic content, achievement, and assessment standards of a State approved by the Secretary of Education as its own, and implement such standards as its own by the 2008–09 school year and determine whether such programs are making yearly adequate progress. The committee believes that allowing Gallaudet to choose the approved standards from a State would relieve the Uni-

versity of the expensive and time consuming task of having to develop its own standards and assessments for one small school. This would provide a basis of comparison for the achievement of students in the Gallaudet program that would otherwise be lacking. Additionally, this requirement would make the State's definition of "adequate yearly progress" applicable to the University's K–12 education program. Again, the committee believes that this would ensure that the educational accountability provisions applicable to that program reflect the No Child Left Behind principle that the education of children with disabilities should be held to the same academic expectations as the education of all other children.

*Cultural experience grants*

The committee has authorized funding for grants to nonprofit organizations in order to enrich the cultural experiences for deaf and hard of hearing children and adults through exposure and access to professional theatre. The committee believes that nationally recognized programs such as Deaf West Theatre and the National Theater of the Deaf have a long history of providing such programming to these audiences, and would be appropriate recipients for these grant funds.

*Audit reporting*

The committee amends current law to ensure that the Department of Education receives an independent financial and compliance audit of the National Technical Institute for the Deaf (NTID). In order for the audit to be meaningful and useful to the Department, it is necessary to have the audit follow the cycle of the Federal fiscal year. The bill ensures the audit period and the fiscal year are the same.

*Outcome reporting*

The committee recognizes that by modifying Gallaudet's reporting requirements on the disposition of secondary school and university graduates from "upon graduation/completion" to "approximately one year after graduation" will provide a clearer picture of outcomes for students. Additionally, changing the timeline of the reporting requirements will make the reporting language for the audit the same for Gallaudet and NTID.

*Surcharges for international students*

The committee acknowledges that Gallaudet University and NTID are the only liberal arts universities in the world designed exclusively for deaf and hard of hearing students and that the 100 percent surcharge for such students is a barrier to attendance for international students. Although Gallaudet and NTID have the capacity to serve additional international students, the committee also recognizes its commitment to students from the United States that are deaf, and assuring that United States tax dollars are spent on providing educational opportunities for United States citizens first. Therefore, the committee is authorizing Gallaudet and NTID to create a fee system in which students from non-developing countries must pay the 100 percent surcharge, unless they can demonstrate need, in which case they may have their surcharge reduced by 50 percent. Furthermore, a student from a developing

country must pay a 50 percent surcharge, unless he or she can demonstrate need, in which case the surcharge is reduced by 50 percent to 25 percent. Because of the initial costs associated with developing a distance learning course, international students living outside of the United States would not have to pay a surcharge nor count towards the enrollment cap for international students.

UNITED STATES INSTITUTE OF PEACE

*Board of directors*

The committee clarifies that the term of a board member begins when the member is confirmed by the Senate and sworn in, not when the board member's nomination is made public. Confusion over the interpretation of this provision had led to vacancies on the Institute's board, and also unnecessarily shortened the term of service of some board members. The committee expects this clarification to resolve any outstanding concerns over board appointments.

*Application of GEPA*

The committee clarifies that certain provisions under the General Education Provisions Act (GEPA) apply to the U.S. Institute of Peace, allowing the Institute to continue to receive appropriations for 1 fiscal year after the expiration of the authorization, pursuant to the authority provided under the GEPA for Federal education programs.

INDIAN EDUCATION

*Tribally Controlled Colleges and Universities Act*

In response to the concerns of many tribes, the committee makes several changes to improve the consistency among the many different Federal programs providing assistance to tribally controlled colleges and universities. The committee recognizes the challenges created for these institutions by having several different Federal programs provide assistance, each with a slightly different set of definitions. The committee expects these amendments to improve the coordination between Federal programs and help tribally controlled institutions spend more time serving students, and less time navigating complex Federal requirements.

*Diné College*

The committee recognizes the longstanding relationship between the Federal Government and the Navajo Nation. Legislation enacted in 1971 established a dedicated discretionary grant stream for the Navajo Community College, which has been renamed Diné College. In reauthorizing this program, the committee finds that the Treaty of 1868 between the United States of America and the Navajo Tribe of Indians provides for the education of the citizens of the Navajo Nation.

In 1968, the Navajo Nation created and chartered the Navajo Community College by Resolution CN–95–68 as a wholly owned educational entity of the Navajo Nation. In 1971, Congress enacted the Navajo Community College Act (Public Law 92–189; 25 U.S.C. 640a et seq.). In 1997, the Navajo Nation officially changed the

name of the Navajo Community College to Diné College by Resolution CAP–35–97.

The purpose of Diné College is to provide educational opportunities to the Navajo people and others in areas important to the economic and social development of the Navajo Nation. The mission of Diné College is to apply the principles of Sáah Naagháí Bikeh Hózhóón (Diné Philosophy) to advance quality student learning through training of the mind and heart—(1) through Nitsáhákees (Thinking), Nahatá (Planning), Iiná (Living), and Sihasin (Assurance); (2) in study of the Diné language, history, philosophy, and culture; (3) in preparation for further studies and employment in a multicultural and technological world; and (4) in fostering social responsibility, community service, and scholarly research that contribute to the social, economic, and cultural well-being of the Navajo Nation.

The United States has a trust and treaty responsibility to the Navajo Nation to provide for the educational opportunities for Navajo people. Significant portions of the College's infrastructure are dilapidated and pose a serious health and safety risk to students, employees and the public.

For these reasons, the committee amends the Navajo Community College Act, and renames it after the college, now known as Diné College. The committee also updates references to the Navajo Indian Tribe and instead replaces it with the appropriate term "Navajo Nation."

The committee also updates a study of the facilities needs of the college that was last commissioned in 1979, and authorizes a separate set of uses of funds related to the construction of buildings, water and sewer facilities, roads, information technology and telecommunications infrastructure, classrooms and external structures.

The committee also clarifies that funds made available through this act may be used for improving and expanding the college, including by providing—for the Navajo people and others in the community—higher education programs; vocational and technical education; activities relating to the preservation and protection of the Navajo language, philosophy, and culture; employment and training opportunities; economic development and community outreach; and a safe learning, working, and living environment.

## TITLE X—RECONCILIATION

### PROGAP AND SMART GRANTS

From savings in the loan programs, the committee authorizes a new mandatory aid program through fiscal year 2010: the Provisional Grant Assistance Program or ProGAP. There are two separate funding streams under this program: ProGAP and SMART grants. Students eligible for Pell grants are also eligible for ProGAP grants. The Secretary shall ensure that grants under this program are awarded to students with the greatest need, so that the most disadvantaged students receive the most aid.

The National Science Mathematics Access to Retain Talent (SMART) Grants will be made available to Pell-eligible students who are in their 3rd or 4th year in an institution of higher education and who are studying mathematics, science, technology or

engineering or a foreign language determined by the Secretary to be critical to national security.

STAFFORD LOAN LIMITS AND INTEREST RATES

The committee, after much discussion with the higher education community, has agreed to increase the loan limits within the Federal Stafford loan programs in the first year from $2,625 to $3,500 and in the second year from $3,500 to $4,500. There is no change in the aggregate limits. These increases are made in response to reports of growth in lending outside of the Federal program. It is not the intent of the committee to burden students with more student loan debt. Instead the committee feels strongly that if students have to borrow they should be borrowing in the Federal system which offers guaranteed borrower benefits and a competitive interest rate to all borrowers.

*Increasing graduate student loan limits*

At a time when our Nation must have the intellectual capability to respond to increased national security threats and maintain our economic competitiveness, it is vital that Americans seeking post-baccalaureate education be able to borrow adequate sums of money to finance their education. Today's graduate students are tomorrow's scientists, engineers, doctors, teachers, business and government leaders, and college and university faculty. The committee recognizes that Federal student loans offer the best lending terms and conditions—low interest rates, the in-school interest exemption, repayment options, and payment deferments—of any other source of loans. Federal student loans are indispensable for graduate students to finance their education.

Federal Stafford loan borrowing limits for graduate and professional students have not been adjusted since 1992 and recent evidence suggests that students are borrowing increasing amounts of money from private sector loans and credit cards. According to the Department of Education NPSAS Study, in 2003–04, 40 percent of graduate and professional students used Federal loans to finance their education. Of those student borrowers, 27 percent of master's students, 45 percent of doctoral students, and 76 percent of professional students borrowed at the current annual maximum borrowing limit of $18,500. The committee recommends increasing annual and cumulative Stafford Loan borrowing limits for graduate students to help them better finance their education and reduce the costs of obtaining graduate and professional education. This is one important way the Federal Government can invest in talented individuals who will contribute to the Nation's economic competitiveness and national security.

*Interest rates*

The committee maintains the current provision that shifts all Stafford loans to a fixed rate of 6.8 percent beginning July 1, 2006. The committee repeals the single holder rule, allowing all students to consolidate their loans with any lender.

PLUS LOANS

The committee understands that borrowers who are eligible for PLUS loans are in a position to repay the loans and are less likely

to default. The committee increased the fixed interest rate on PLUS loans from 7.9 percent to 8.5 percent, effective July 1, 2006, in order to meet reconciliation instructions. The committee notes that a rate of 8.5 percent is still less than rates for other loan products over the last 30 years.

The committee also made graduate and professional students eligible to borrow PLUS loans. PLUS loans are low interest loans currently available to parents of undergraduates. Due to the high cost of graduate and professional school, graduate and professional students have increasingly relied on private loans to cover their cost of attendance upon exhausting their Federal student loan allotment. According to a report by the American Council on Education, Federal Student Loan Debt: 1993 to 2004, 30 percent of professional students took out private loans in 2003–04. These loans are more costly for students than those available through the Federal student loan program, increasing graduate and professional students' debt over time. Making graduate and professional students eligible to borrow PLUS loans is intended to help reduce the cost burden of obtaining graduate and professional education.

LOAN DEFERMENTS FOR BORROWERS SERVING ON ACTIVE DUTY

With the numbers of borrowers serving in Iraq, Afghanistan, and other areas of the world, the committee believes borrowers should be relieved of title IV student loan obligations while defending this great Nation. The committee allows borrowers in repayment for any Federal loan who are serving on active duty during a war or other military operations or national emergency to be placed in deferment.

INCOME CONTINGENT REPAYMENT FOR PUBLIC SECTOR EMPLOYEES

The committee expands the Income Contingent Repayment provisions on loans for public sector employees who are in emergency management, government, public safety, public health, education or public interest legal services to discharge any remaining principal after 10 years for any such borrower who has made 120 on-time payments. The committee encourages more college graduates to enter these important fields first by lowering payments, as appropriate, based on income for the first 10 years, then forgiving the balance remaining.

ADDITIONAL CHANGES TO THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

*Guaranty agency origination fee*

Under current law, guaranty agencies are authorized, but not required, to charge a 1 percent insurance premium (also known as the guarantee fee) to subsidized, unsubsidized and PLUS borrowers. S. 1614 replaces the current fee arrangement with a new fee, called the guaranty agency origination fee. This new fee structure requires that a guaranty agency origination fee of 1 percent of each disbursement be deposited into the Federal fund account. However, the source of the guaranty agency origination fee may be the proceeds of the loan or non-Federal funds under the jurisdiction of the guaranty agency, including the agency operating fund. This was done to ensure the Federal fund is not depleted.

*Lender reinsurance*

The committee also reduces the lender reinsurance reimbursement to 97 percent of the unpaid principal of loans insured under the program. The committee believes the decrease in default rates over the last 12 years has reduced the need to maintain the same reinsurance rate. The committee believes a 1 percent reduction in reinsurance rates is a reasonable reduction.

*School as lender*

The committee has heard concerns from several sources about some of the practices of institutions that have become lenders. The committee directs schools acting as lenders to continue acting as the lender until the student completes the required coursework. In addition, schools acting as lenders must use proceeds from the special allowance payments, interest payments from borrowers and proceeds from the sale of the loan only for need based aid or for reasonable reimbursement for direct administrative expenses, including interest owed on funds used to make loans.

The committee believes all net revenues from Federal loans should be used to provide need based aid to students. The committee requires that this source supplement, not supplant, institutional, State, and local sources of support. The committee also recognizes that some institutions are already using some or all of the revenues for need based aid. In implementing this provision the Secretary should recognize current institutional efforts to help students and should apply the supplement, not supplant rule only to that portion of net revenues not currently being applied to need based aid.

*Taxpayer-Teacher Protection Act extension*

The committee also makes permanent the reduction of special allowance payments for loans from the proceeds of tax-exempt bonds, as provided for in the Taxpayer-Teacher Protection Act of 2004.

NEED ANALYSIS ADJUSTMENTS

The income protection allowance is increased for both dependent and independent students. This means that students will be able to work more without having their earnings affect their financial aid eligibility in future years. The asset conversion rate was reduced from 35 percent to 20 percent for dependent students and independent students without dependents (other than a spouse) and from 12 percent to 7 percent for independent students with dependents other than a spouse.

HURRICANE KATRINA RECOVERY

The committee provides relief to postsecondary students, institutions of higher education and borrowers who have been affected by Hurricane Katrina. The bill requires the Secretary of Education to waive repayment of any Federal student financial aid under title IV of the HEA that affected students and institutions received if students were not able to complete the term for which the funds were received. Federal loans made to students or to parents of students who enrolled in affected institutions will be discharged or cancelled. To ensure that these provisions are applied only to those

individuals and institutions on whom there was an impact, the committee requires the Secretary to determine the time period for which an institution of higher education is an affected institution using consistent, objective criteria. Affected students who do not enroll in another institution will retain their in-school status, which will assist them with any loans they had received previously. Borrowers who lived or worked in a county or parish in Louisiana, Mississippi, or Alabama that was declared a major disaster area and were in deferment or grace period as of August 22, 2005 will be maintained in that status until June 30, 2006. Affected borrowers who were in repayment are eligible for forbearance for up to 1 year without having to provide documentation.

The committee gives authority to the Secretary to approve modifications to Teacher Quality Enhancement Grants to enable grantees to use funds to assist States and local education agencies to recruit and retain highly qualified teachers in affected schools. The committee also gives the Secretary authority to approve modifications of TRIO grants and grants under part A or B of title III requested by a grantee located in an affected area.

In addition to the specific waiver authority, the committee gives the Secretary general authority to waive other requirements in the Higher Education Act, upon consultation with the authorizing committees, to accommodate other situations as they arise. The committee requires the Secretary to make information on all waivers, modifications or extensions that are granted publicly available. To ensure accountability, the committee requires the Inspector General of the Department of Education to conduct an audit and investigation of each program that includes response and recovery activities related to Hurricane Katrina. The authority to waive requirements and modify grants expires on September 30, 2006.

## V. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, November 23, 2005.*

Hon. MIKE ENZI,
*Chairman, Committee on Health, Education, Labor, and Pensions, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1614, the Higher Education Amendments of 2005.

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

Sincerely,

DOUGLAS HOLTZ-EAKIN,
*Director.*

Enclosure.

*S. 1614—Higher Education Amendments of 2005*

Summary: S. 1614 would make numerous changes to federal higher education programs, including the student and parent-loan programs. CBO estimates that enacting the bill would reduce direct spending by $4.0 billion in 2006, $9.7 billion over the 2006–2010 period, and $28.6 billion over the 2006–2015 period.

The bill also would authorize spending for numerous higher education programs—including the Pell Grant program—but that spending would be subject to appropriation. CBO estimates the Pell Grant provisions would authorize funding of $17.9 billion in 2006 and $106 billion over the 2006–2010 period. Implementing those provisions would cost $87 billion in outlays over the five-year period. CBO has not completed an estimate of the potential cost of the other provisions for which spending would depend on future appropriation action.

The legislation contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA). The bill would benefit states and institutions of higher education and any costs they incur would result from complying with conditions of federal assistance.

Major Provisions: Provisions addressing the student aid programs (Title X, Part A) with significant budget effects include:

- Changing parent-loan interest rates and the formulas used to calculate lender yields;
- Imposing limits on when the separate formula for lender yields for loans supported with certain tax-exempt funding would apply;
- Changing the insurance provided to lenders and the fees charged by lenders;
- Reducing borrower origination fees and requiring collection of a 1 percent fee from guaranty agencies;
- Increasing the loan limits for first-year, second-year, and graduate students, as well as allowing graduate students to borrow under the parent-loan program;
- Cancelling the repayment of student loans for certain teachers and creating a new loan forgiveness program for certain public service workers with direct loans; and
- Establishing two new programs that would supplement the Pell Grant program during the 2006–2010 period.

Title X, Part B also would extend certain forms of relief to students and schools affected by Hurricane Katrina, which would have the effect of increasing direct spending by about $100 million in 2006.

Other changes to the higher education programs (other than in Title X) would increase overall direct spending (by less than $100 million over the next five years) by postponing the recall of Perkins loan funds and expanding eligibility for student aid in several ways. The other portions of the bill also would authorize new discretionary spending for Pell Grants and other higher education programs.

Estimated cost to the Federal Government: The estimated effects of S. 1614 on direct spending and on the Pell Grant program are shown in Table 1. (CBO has not completed an estimate for the numerous other higher education programs that are subject to annual appropriation.) The costs and savings from this legislation would fall within budget functions 500 (education, employment, training, and social services).

Basis of estimate: For this estimate, CBO assumes the bill will be enacted in December 2005.

TABLE 1.—BUDGETARY EFFECTS OF S. 1614, HIGHER EDUCATION AMENDMENTS OF 2005

| | By fiscal year, in millions of dollars— | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2006–2010 |
| CHANGES IN DIRECT SPENDING | | | | | | |
| Title X, Part A: Education Provisions: | | | | | | |
| Estimated Budget Authority | −3,468 | −1,439 | −1,701 | −2,072 | −2,363 | −11,043 |
| Estimated Outlays | −4,160 | −960 | −1,275 | −1,601 | −1,882 | −9,878 |
| Title X, Part B: Hurricane Katrina Higher Education Recovery: | | | | | | |
| Estimated Budget Authority | 105 | 0 | 0 | 0 | 0 | 105 |
| Estimate Outlays | 105 | 0 | 0 | 0 | 0 | 105 |
| Subtotal, Title X: | | | | | | |
| Estimated Budget Authority | −3,363 | −1,439 | −1,701 | −2,072 | −2,363 | −10,938 |
| Estimated Outlays | −4,055 | −960 | −1,275 | −1,601 | −1,882 | −9,773 |
| Other Higher Education Act Amendments: | | | | | | |
| Estimated Budget Authority | 11 | 16 | 20 | 20 | 20 | 87 |
| Estimated Outlays | 6 | 11 | 20 | 20 | 20 | 77 |
| Total Changes: | | | | | | |
| Estimated Budget Authority | −3,352 | −1,423 | −1,681 | −2,052 | −2,543 | −10,851 |
| Estimated Outlays | −4,049 | −949 | −1,255 | −1,581 | −1,862 | −9,696 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION [1] | | | | | | |
| Pell Grants: | | | | | | |
| Estimated Authorization Level | 17,869 | 19,770 | 21,198 | 22,625 | 24,095 | 105,556 |
| Estimated Outlays | 4,288 | 17,967 | 20,075 | 21,512 | 22,949 | 86,792 |

[1] CBO has not estimated the provisions other than those affecting Pell Grants.

*Direct Spending—Title X, Part A: Education Provisions*

Title X, Part A contains some provisions that would reduce direct spending and others that would increase costs. On net, these changes would reduce outlays by $4.2 billion in 2006, $9.9 billion during the 2006–2010 period, and $31.5 billion over the 2006–2015 period.

**Major Education Provisions That Decrease Spending.** The major changes in Title X, Part A that would decrease direct spending include new formulas for lender yields, a higher interest rate for parent borrowers, a new fee on the guaranty agencies, increased fees on some lenders, and reduced insurance for lenders. CBO estimates that savings from these changes would total $4.7 billion in 2006, $19.5 billion over five years, and $44.8 billion over 10 years, mostly in the guaranteed loan program (see Table 2).

*Borrower Interest Rates and Lender-Yield Formulas.* The bill would change some of the formulas used to compute what borrowers owe to lenders and what lenders receive from or pay the government under the guaranteed loan program. Borrower rates on new student and parent loans are scheduled to switch from a variable-rate formula to a fixed rate (6.8 percent for students and 7.9 percent for parents) in July 2006; the bill would not change these rates for student loans, but would raise the fixed rate for parent loans to 8.5 percent.

The lender-yield formulas for student and parent loans would continue to be based on a variable-rate formula, but the bill would no longer allow the borrowers' rates to serve as the minimum for the lender yield. Under current law, lenders receive the higher of the lender-yield formula or the rate paid by borrowers, but the bill would require lenders to rebate the difference between the two rates to the government when the borrower rate is higher.

The combination of these changes to borrowers and lenders would save an estimated $2.9 billion in 2006, $15.1 billion over the 2006–2010 period, and $36.2 billion through 2015.

*Changes in "9.5 Percent" Loans.* Another change in the payment formulas for lenders would affect loans that are funded with financing based on tax-exempt bonds issued between 1980 and 1993. Historically, these loans have had a different formula for determining payments to lenders. Specifically, the formula for the special allowance payments to the holders of these loans was 50 percent of the sum of the 91-day Treasury bill rate plus 3.5 percentage points or 9.5 percent, whichever was higher. In recent years, the 9.5 percent rate was higher. Consequently, these have come to be referred to as "9.5 percent" loans.

Legislation in 2004 modified the policy for most new loans from tax-exempt lenders during the October 2004 to December 2005 period, changing the lender formula to conform to the rates paid to other lenders. Under current law, the formula on new loans will revert back to the pre-October 2004 structure. S. 1614 would continue the practice currently in place (instead of allowing it to expire at the end of December 2005). This policy would save an estimated $705 million in 2006, $1.4 billion over the 2006–2010 period, and $2.3 billion over the 2006–2015 period.

TABLE 2.—DIRECT SPENDING EFFECTS OF TITLE X, PART A—EDUCATION PROVISIONS

| | By fiscal year in millions of dollars— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2006–2010 | 2006–2015 |
| Major Provisions Reducing Spending: | | | | | | | | | | | | |
| Changes in Borrower Interest Rates and Lender Yields: | | | | | | | | | | | | |
| Estimated Budget Authority | −3,530 | −3,050 | −3,455 | −3,785 | −4,050 | −4,305 | −4,560 | −4,820 | −5,090 | −5,175 | −17,870 | −41,820 |
| Estimated Outlays | −2,920 | −2,385 | −2,965 | −3,280 | −3,525 | −3,760 | −3,990 | −4,225 | −4,470 | −4,720 | −15,075 | −36,240 |
| Changes to Certain Loans Financed with Tax-Exempt Bonds: | | | | | | | | | | | | |
| Estimated Budget Authority | −800 | −195 | −200 | −200 | −200 | −205 | −210 | −210 | −215 | −215 | −1,595 | −2,650 |
| Estimated Outlays | −705 | −170 | −175 | −175 | −175 | −180 | −185 | −190 | −190 | −195 | −1,400 | −2,340 |
| Changes in Borrower Insurance Programs and Guaranty Agency Fees: | | | | | | | | | | | | |
| Estimated Budget Authority | −240 | −330 | −280 | −305 | −335 | −365 | −395 | −430 | −470 | −500 | −1,490 | −3,650 |
| Estimated Outlays | −240 | −330 | −280 | −305 | −335 | −365 | −395 | −430 | −470 | −500 | −1,490 | −3,650 |
| Changes to Lender Insurance: | | | | | | | | | | | | |
| Estimated Budget Authority | −410 | −135 | −140 | −145 | −155 | −160 | −165 | −175 | −180 | −180 | −985 | −1,845 |
| Estimated Outlays | −375 | −105 | −120 | −130 | −130 | −140 | −145 | −150 | −155 | −165 | −860 | −1,615 |
| Changes in Lender Fees: | | | | | | | | | | | | |
| Estimated Budget Authority | −445 | −55 | −60 | −60 | −60 | −65 | −70 | −70 | −75 | −75 | −680 | −1,035 |
| Estimated Outlays | −425 | −45 | −50 | −50 | −55 | −55 | −60 | −60 | −65 | −65 | −625 | −930 |
| Subtotal: | | | | | | | | | | | | |
| Estimated Budget Authority | −5,425 | −3,765 | −4,135 | −4,495 | −4,800 | −5,100 | −5,400 | −5,705 | −6,030 | −6,145 | −22,620 | −51,000 |
| Estimated Outlays | −4,665 | −3,035 | −3,590 | −3,940 | −4,220 | −4,500 | −4,775 | −5,055 | −5,350 | −5,645 | −19,450 | −44,775 |
| Major Provisions Increasing Spending: | | | | | | | | | | | | |
| Changes in Borrower Origination Fees: | | | | | | | | | | | | |
| Estimated Budget Authority | 110 | 365 | 505 | 520 | 540 | 550 | 570 | 585 | 600 | 615 | 2,040 | 4,960 |
| Estimated Outlays | 65 | 240 | 305 | 450 | 465 | 480 | 490 | 505 | 520 | 530 | 1,615 | 4,140 |
| Increased Loan Limits: | | | | | | | | | | | | |
| Estimated Budget Authority | 180 | 515 | 515 | 530 | 555 | 575 | 590 | 615 | 635 | 655 | 2,295 | 5,365 |
| Estimated Outlays | 105 | 355 | 455 | 465 | 480 | 500 | 515 | 530 | 550 | 570 | 1,860 | 4,525 |
| ProGAP and SMART Grants Programs: | | | | | | | | | | | | |
| Budget Authority | 1,897 | 1,901 | 1,899 | 1,898 | 1,897 | 0 | 0 | 0 | 0 | 0 | 9,492 | 9,492 |
| Estimated Outlays | 455 | 1,860 | 1,900 | 1,899 | 1,898 | 1,442 | 38 | 0 | 0 | 0 | 8,012 | 9,402 |
| Subtotal: | | | | | | | | | | | | |
| Estimated Budget Authority | 2,187 | 2,781 | 2,919 | 2,948 | 2,992 | 1,125 | 1,160 | 1,200 | 1,235 | 1,270 | 13,827 | 19,817 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated Outlays | 625 | 2,455 | 2,750 | 2,814 | 2,843 | 2,422 | 1,043 | 1,035 | 1,070 | 1,100 | 11,487 | 18,157 |
| Other Provisions with Measurable Effects: | | | | | | | | | | | | |
| Estimated Budget Authority | −35 | −147 | −134 | −119 | −99 | −91 | −94 | −99 | −99 | −99 | −534 | −1,016 |
| Estimated Outlays | 8 | −142 | −124 | −124 | −104 | −91 | −91 | −96 | −101 | −96 | −486 | −961 |
| Interaction Effects: | | | | | | | | | | | | |
| Estimated Budget Authority | −195 | −308 | −351 | −406 | −456 | −484 | −521 | −566 | −591 | −601 | −1,716 | −4,499 |
| Estimated Outlays | −128 | −238 | −311 | −351 | −401 | −429 | −464 | −494 | −519 | −549 | −1,429 | −3,884 |
| Total Changes: | | | | | | | | | | | | |
| Estimated Budget Authority | −3,468 | −1,439 | −1,701 | −2,072 | −2,363 | −4,550 | −4,855 | −5,170 | −5,480 | −5,575 | −11,043 | −36,678 |
| Estimated Outlays | −4,160 | −960 | −1,275 | −1,601 | −1,882 | −2,598 | −4,287 | −4,610 | −4,900 | −5,190 | −9,878 | −31,463 |

Note: ProGAP = Provisional Grant Assistance; SMART = National Science and Mathematics Access to Retain Talent.

*Borrower Insurance Premiums and Guaranty Agency Fees.* Under current law, guaranty agencies may charge student and parent borrowers of guaranteed loans an insurance premium of up to 1 percent. These premiums show up as part of the offsetting collections in the student loan reserve account. In recent years, many agencies have waived part or all of the premium, thereby reducing these receipts, which are recorded on the budget as offsets to direct spending. The bill would eliminate this premium and replace it with a 1 percent fee that the guaranty agencies would have to provide from their nonfederal resources.

CBO estimates that the net effect of these changes, which would become effective on April 1, 2006, would reduce direct spending by $240 million in 2006, $1.5 billion over the 2006–2010 period, and $3.7 billion over the 2006–2015 period.

*Federal Lender Insurance.* S. 1614 would reduce the portion of defaulted loans for which lenders are reimbursed. The reimbursements are paid from a federal student loan reserve account consisting of separate reserve accounts for the various guaranty agencies. Under current law, lenders are generally reimbursed for 98 percent of the outstanding balances on loans that go into default. Lenders who meet certain requirements are classified as exceptional lenders, and they receive 100 percent insurance.

S. 1614 would reduce the 98 percent insurance level to 97 percent, and would eliminate the exceptional lender designation. For those lenders losing exceptional lender status, the insurance rate would drop from 100 percent to 97 percent. CBO estimates that these changes would reduce outlays by $375 million in 2006, $860 million over the 2006–2010 period, and $1.6 billion through 2015.

The bill also would reduce the rate at which the federal government replenishes the reserve fund. However, these transfers are intrabudgetary transactions and have no effect on total federal spending or revenues.

*Lender Fees.* The legislation would increase fees charged lenders on consolidation loans from 0.5 percent of the loan principal to 1.0 percent. The additional fees would save an estimated $425 million in 2006, $625 million over the 2006–2010 period, and $930 million over the 2006–2015 period.

**Major Education Provisions Increasing Spending.** The provisions in Title X, Part A that would result in the largest increases in spending are changes to origination fees paid by borrowers, increases in loan limits, and funding for two new programs to supplement the Pell Grant program. CBO estimates that these provisions would cost $11.5 billion over the 20062010 period and $18.2 billion over the 2006–2015 period.

*Borrower Origination Fees.* S. 1614 would reduce borrower origination fees for both subsidized and unsubsidized student loans. Currently, origination fees for guaranteed loans are 3.0 percent (there is also an insurance premium of up to 1.0 percent). In the direct loan program, the origination fee is also 3.0 percent (although in practice, the Department of Education generally charges 1.5 percent up front and another 1.5 percent if the borrower fails to make timely payments).

Origination fees for student borrowers in the guaranteed loan program would drop to 2.5 percent in July 2007 under the legislation. In the direct loan program, S. 1614 would replace the required

3.0 percent fee with a fee of up to 2.5 percent to be determined by the Secretary of Education. CBO assumes that, under the Secretary's discretion, the direct loan fee could vary from year-to-year but would average 1.25 percent. CBO estimates that these changes would increase outlays by $1.6 billion over the 2006–2010 period and by $4.1 billion over the 2006–2015 period.

*Increased Loan Limits.* The bill would increase the maximum amount of subsidized loans for first- and second-year students from $2,625 and $3,500, respectively, to $3,500 and $4,500. In addition, the legislation would increase the limit for unsubsidized loans for each year of graduate school from $10,000 to $12,000. To conform the aggregate borrowing limits to the latter changes, the limit on unsubsidized loans for most borrowers would be increased by $10,000. Graduate students also would be permitted to borrow through the parent-loan program. In addition, students who require further undergraduate course work to qualify for a graduate program or to gain a professional license or certification would be eligible for higher borrowing levels. CBO estimates that these increases would boost aggregate student loan borrowing from both the direct and guaranteed loan programs, and as a result, would increase direct spending by $1.9 billion over the 2006–2010 period and by $4.5 billion over the 2006–2015 period.

*ProGAP and SMART Grant Programs.* S. 1614 would provide a total of $9.5 billion for fiscal years 2006 through 2010 for two programs that would supplement the Pell Grant program: the Provisional Grant Assistance (ProGAP) program and the National Science and Mathematics Access to Retain Talent (SMART) grants program. CBO estimates that outlays from these appropriations would amount to $455 million in 2006, $8.0 billion over the 2006–2010 period, and $9.5 billion over the 2006–2015 period.

The ProGAP program would give approximately $1.45 billion in additional aid each academic year from 2006 through 2010 to students who are eligible for the Pell Grant program and who have submitted their student aid applications by June 30 for the upcoming academic year. The Department of Education would award these funds in the same manner as under the current Pell Grant program.

The National SMART grants program would give $450 million in additional aid each academic year from 2006 through 2010 to Pell Grant recipients in their third or fourth year at an institution of higher education with a major in mathematics, science, technology, engineering, or a foreign language deemed critical to the national security of the United States. Recipients would be eligible for up to $1,500 for each academic year.

CBO estimates outlays for the ProGAP and National SMART grants programs based on the historical outlay rates of the Pell Grant program.

**Other Provisions With Measurable Effects.** S. 1614 contains numerous provisions that would have much smaller budgetary effects than those described above. Among them are changes in loan cancellation programs and the eligibility for interest deferments. Other provisions with some estimated budget effects during the 2006–2010 period include changes in the income protection allowance for students and in the disbursement requirements for certain loans for schools with low default rates. Taken together, CBO esti-

mates that these provisions would cost $8 million in 2006, but would reduce direct spending by $486 million over the 2006–2010 period and by $961 million over the 2006–2015 period.

**Interactions Among Education Provisions.** The overall reductions in direct spending that Part A would yield are significantly larger than the sum of the individual provisions because many of those provisions interact. For example, the lender-yield and borrower interest rate changes save even more when the increased loan volume from the changes in loan limits is considered. However, those same loan limit increases boost the costs of the provisions that reduce borrowers' fees. On balance, the interactions among the various provisions would generate additional estimated savings of $128 million in 2006, $1.4 billion over the 2006–2010 period, and $3.9 billion over the 2006–2015 period.

*Direct Spending—Title X, Part B: Hurricane Katrina Higher Education Recovery*

S. 1614 the legislation would provide relief to certain student loan borrowers and educational institutions that were adversely affected by Hurricane Katrina. CBO estimates that the total costs of this relief would be $105 million in fiscal year 2006 (with no effect after this year).

The largest portions of the costs are attributable to two policies: (1) the cancellation of repayment for all student loans that were disbursed for cancelled enrollment periods at postsecondary schools that were closed, and (2) the requirement that lenders provide up to one year of forbearance on student and parent loans for borrowers affected by the hurricane and that borrowers in a grace period or deferment period could remain in that status through June 2006. CBO estimates, based on data provided by the Department of Education, that the costs of cancelling repayments for the loans that had been disbursed for schools that closed as a result of the storm would be $64 million.

CBO estimates that the subsidy costs for the deferments and forbearance on loans for borrowers affected by Hurricane Katrina would amount to about $30 million. Data were not available to precisely estimate the numbers of borrowers and amount of outstanding principal that could be affected by this policy. CBO used demographic and economic data from the Census Bureau for the jurisdictions covered by the major disaster designation for Hurricane Katrina to help estimate the potential number of affected borrowers. CBO estimates that student loan indebtedness for affected borrowers in the affected areas is roughly $5 billion. The estimated gross costs for requiring that lenders provide certain deferment and forbearance benefits were reduced to reflect the likely use of existing authority for deferment and forbearance of payments for interest and principal for economic hardship.

S. 1614 would also waive the requirement for the return of federal student aid in cases where the storm resulted in a cancelled period of enrollment, and would exclude any disbursements for cancelled enrollment periods from the aggregate loan and grant aid limits for affected students. In addition, student borrowers at schools affected by Hurricane Katrina would be allowed to retain in-school status even if they do not attend another school. To-

gether, these three provisions would cost an estimated $11 million in 2006.

*Direct Spending—Other Amendments to the Higher Education Programs*

S. 1614 would reauthorize—through 2011—the Higher Education Act of 1965. Some portions of title IV of the bill would affect direct spending, including the postponement of the recall of Perkins Loan balances and changes in the eligibility for student loans. In total, CBO estimates that enacting this subtitle would increase direct spending by $6 million in 2006, $77 million over the 2006–2010 period, and $2.7 billion over the 2006–2015 period (see Table 4).

**Distance Education.** Current law limits participation in the Title IV aid programs for institutions that provide more than 50 percent of their education or training courses through distance education. S. 1614 would eliminate those restrictions for institutions that meet certain criteria.

TABLE 3.—DIRECT SPENDING EFFECTS OF OTHER AMENDMENTS TO THE HIGHER EDUCATION ACT

| | By fiscal year, in millions of dollars— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2006–2010 | 2006–2015 |
| Distance Education: | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 5 | 5 | 5 | 5 | 5 | 10 | 10 | 10 | 15 | 55 |
| Estimated Outlays | 0 | 0 | 5 | 5 | 5 | 5 | 5 | 5 | 10 | 10 | 15 | 50 |
| Perkins Loan Revolving Fund: | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | 0 | 0 | 0 | 361 | 675 | 696 | 800 | 0 | 2,532 |
| Estimated Outlays | 0 | 0 | 0 | 0 | 0 | 0 | 361 | 675 | 696 | 800 | 0 | 2,532 |
| Eligibility Restrictions for Certain Drug Offenders: | | | | | | | | | | | | |
| Estimated Budget Authority | 10 | 15 | 15 | 15 | 15 | 15 | 20 | 20 | 20 | 20 | 70 | 165 |
| Estimated Outlays | 5 | 10 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 60 | 135 |
| Other Provisions: | | | | | | | | | | | | |
| Estimated Budget Authority | * | * | * | * | * | * | * | * | * | * | * | * |
| Estimated Outlays | * | * | * | * | * | * | * | * | * | * | * | * |
| Total Changes: | | | | | | | | | | | | |
| Estimated Budget Authority | 11 | 16 | 20 | 20 | 20 | 20 | 386 | 705 | 726 | 830 | 87 | 2,754 |
| Estimated Outlays | 6 | 11 | 20 | 20 | 20 | 20 | 381 | 695 | 721 | 825 | 77 | 2,719 |

NOTE: *=Less than $500,000.

For a school to become an approved institution, it must meet an extensive set of institutional eligibility requirements. In addition, proprietary and postsecondary vocational institutions are restricted by a two-year rule that states that an institution must be legally authorized to give, and has been giving, postsecondary instruction for at least two consecutive years. Therefore, costs in the first two years would be insignificant. After that, new and expanded institutions would cause costs to rise by $15 million for the 2008–2010 period and by $50 million over the 2008–2015 period.

**Perkins Loan Revolving Fund.** Under current law, schools participating in the Perkins Loan program are required to return to the government the federal share of any balances they hold beginning in 2012. S. 1614 would delay that date until 2020.

Based on data from the Department of Education, CBO estimates that the recall of the federal share would total—under current law—about $2.5 billion over the 2012–2015 period. Consequently, the delay that would result from enacting the bill would reduce federal collections by that amount.

**Eligibility Restrictions for Certain Drug Offenders.** Under current law, students are barred from receiving federal financial assistance if they have been convicted of any drug offense. The period of ineligibility lengthens with the number of convictions and depends on whether the convictions were for the sale or possession of the drugs. If the student participates and successfully completes a drug rehabilitation program, the period of ineligibility is shortened. S. 1614 would limit applicability of these restrictions to students with convictions that occur while the student is receiving federal aid. In addition, the Secretary could not require that applicants for financial aid report their convictions.

Based on data on federal financial-aid applications, CBO estimates that about 28,000 students are denied aid under the current restrictions. CBO estimates that this provision would increase annual student loan borrowing by $110 million to $140 million over the next 10 years. This borrowing would increase the costs of the student loan program by $5 million in 2006, $60 million over the 2006–2010 period, and $135 million over the 2006–2015 period.

*Spending subject to appropriation*

S. 1614 would reauthorize the Pell Grant program through 2012. For 2006, CBO estimates that the authorization would total $17.9 billion and that approximately 5.9 million students would participate in the program, compared with an estimated 5.3 million in 2005. CBO estimates that S. 1614 would authorize the appropriation of $105.6 billion over the 2006–2010 period, with estimated outlays of $86.8 billion over that period.

If S. 1614 is enacted before fiscal year 2006 appropriations for the Department of Education, then these costs would be treated as discretionary—subject to appropriation. But if appropriations precede enactment of S. 1614, then any increase in spending from the level set by appropriations for 2006 could constitute new direct spending.

The bill would authorize a maximum award level of $5,100 for 2006, which CBO estimates would result in approximately 5.9 million Pell participants. It would increase the maximum award level by $300 for each year after 2006, up to $6,300 for 2010 (the bill

does not specify maximum award levels for 2011 or 2012). S. 1614 would also raise the minimum and "bump" award levels to 5 percent and 10 percent of the appropriated maximum award level, respectively. The minimum award level, currently set at $200, is used to determine eligibility for a Pell Grant. The bump award level, currently set at $400, is the lowest award amount that a student actually receives, so any student eligible for between $200 and $399 currently receives $400.

In addition, the bill would allow students enrolled year-round in two-year and four-year programs to receive multiple awards in one academic year, limit the total period for which a student is eligible for Pell Grants to 18 semesters, and eliminate tuition sensitivity. The tuition sensitivity provision limits the award level if a student's tuition is below a specific level.

Finally, the bill would make certain changes to the eligibility formula, many of which would not take effect until July 2007. These include raising the income protection allowance, reducing the asset conversion rate, raising the income level at which a family is not expected to pay a portion of education costs, and altering the eligibility restrictions for those students with drug convictions. These changes were discussed in more detail in the previous section.

Besides the Pell Grant program, S. 1614 would amend and extend the authorization for numerous existing higher education programs and would establish new ones. These programs include teacher quality enhancement grants; aid to historically black, hispanic, Indian, and other special institutions; campus-based grant aid; international education; as well as various scholarships and fellowships. The bill also would reauthorize a set of outreach and support programs (formally referred to as the Federal TRIO programs) intended to assist disadvantaged students make academic progress from middle school through post-baccalaureate programs. For all the programs, the bill would authorize the appropriation of such sums as may be necessary through fiscal year 2011. Under the General Education Provisions Act, the authorization for these programs would automatically be extended for one additional year (2012) if necessary. In fiscal year 2005, funding for these programs totaled over $4 billion.

Estimated impact on state, local, and tribal governments: S. 1614 contains no intergovernmental mandates as defined by UMRA. The bill would provide assistance to states and institutions of higher education affected by Hurricane Katrina. The bill also would authorize funding for student aid and higher education programs, much of which would go to public institutions of higher education. Any costs to those institutions or to state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

Estimated impact on the private sector: The provisions of S. 1614 do not contain any private-sector mandates as defined by UMRA.

Previous CBO estimates: CBO has transmitted a number of cost estimates earlier this year for legislation that would affect higher education programs.

CBO has provided estimates for the reconciliation recommendations of the Senate Committee on Health, Education, Labor, and Pensions on October 24, 2005. The education provisions in that legislation, incorporated by the Senate Committee on the Budget in S.

1932, are identical to those in S. 1614 and thus have the same estimated budgetary effects. S. 1932, as passed by the Senate on November 3, 2005, contained provisions that would have reduced borrower origination fees more than in S. 1614, as well as create a one-time mandatory program for elementary and secondary education funding for students displaced by Hurricane Katrina.

CBO also provided estimates for H.R. 609, the College Access and Opportunities Act of 2005, as ordered reported by the House Committee on Education and the Workforce on September 16, 2005, and for the reconciliation recommendations of the House Committee on Education and the Workforce on October 31, 2005. Those pieces of legislation contain many of the same provisions as in S. 1614, but also would make different changes to borrower interest rates, lender and borrower fees, mandatory administrative expenses, and payments to guaranty agencies.

Estimate prepared by: Federal spending: Deborah Kalcevic, Chad Chirico, and Justin Humphrey; impact on state, local, and tribal governments: Lisa Ramirez-Branum; impact on the private sector: Naveel Alsalam.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## VI. Application of the Law to the Legislative Branch

Section 102(b)(3) of Public Law 104–1, the Congressional Accountability Act (CAA), requires a description of the application of this bill to the legislative branch. S. 1614 does not amend any act that applies to the legislative branch.

## VII. Regulatory Impact Statement

The committee has determined that the bill may result in some additional paperwork, time, and costs to the Department of Education, which would be entrusted with implementation and enforcement of the act. It is difficult to estimate the volume of additional paperwork necessity by the bill, but the committee does not believe it will be significant. Pursuant to the requirements of paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the committee has determined that the bill will not have a significant regulatory impact.

## VIII. Section-by-Section Analysis

Section 1 provides a short title and sets forth the table of contents.

Section 2 clarifies that references regarding an amendment to or repeal of a provision or section all refer to provisions or sections of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

Section 3 establishes that the general effective date of these amendments is July 1, 2006, except as otherwise provided.

# TITLE I—GENERAL PROVISIONS

## PART A—DEFINITIONS

*Section 101. Additional definitions*

The term "authorizing committees" means the Committee on Health, Education, Labor, and Pensions of the Senate and the Education and Workforce Committee of the House of Representatives. References to the "Chairman" or "Chairmen" now read "Chairpersons of the authorizing committees."

*Section 102. General definition of institution of higher education*

The definition of an institution of higher education will also include institutions that award degrees that are acceptable for admission to a graduate or professional degree program, subject to the review and approval of the Secretary of Education. This section expands the definition of an institution of higher education to include a public or nonprofit private educational institution that admits as regular students those students who have completed secondary school in a home school setting and students who are dually or concurrently enrolled in the institution and a secondary school.

*Section 103. Definition of institution of higher education for purposes of Title IV programs*

Section 103 deletes a provision that excluded certain foreign medical schools from the requirement that 60 percent of their graduates be American citizens and pass the exam administered by the Educational Commission for Foreign Medical Graduates.

This section maintains current limitations on enrollment of incarcerated students and students without a secondary school diploma or its recognized equivalent. The section modifies restrictions based on mode of delivery, so that an institution of higher education, other than a foreign institution, that offers education or training programs principally through distance education meets the definition of an institution of higher education if it has been accredited by an agency or association that the Secretary recognizes under title IV and that has evaluation of distance education programs within the scope of its recognition. The institution must also be otherwise eligible to participate in title IV programs, must not have had its participation in title IV programs suspended or terminated within the 5 years preceding the year for which the determination is made, must not have had or failed to resolve an audit or program review during the 2 preceding years that required the institution to repay an amount equal to or greater than 25 percent of the total funds the institution received under title IV programs, and must meet the other requirements for an institution of higher education as defined in section 102.

"Distance education" is defined to mean a course or program that uses one or more kinds of technology to deliver instruction to students and support interaction between students and instructors. The technologies include the Internet, audio conferencing, video, DVDs, CD–ROMs, and one-way and two-way transmissions through open broadcasts, closed circuit, cable, broadband, fiber optics, or wireless communication devices.

## PART B—ADDITIONAL GENERAL PROVISIONS

*Section 104. Protection of student speech and association rights*

Includes a sense of Congress that: diversity of institutions is a key strength of higher education; individual colleges and universities have different missions and each should design its academic program in accordance with its educational goals; colleges should facilitate free and open exchange of ideas; students should not be intimidated, harassed, discouraged from speaking out, or discriminated against; and students should be treated equally and fairly. Clarifies that the new language should not be construed to modify or infringe upon any constitutionally protected religious liberty, freedom, expression, or association and should not be construed to discourage the imposition of an official sanction on a student that has willfully disrupted a lecture, class, speech, presentation, or performance scheduled or made under the auspices of the institution provided that the imposition of the sanction is objective and fair.

*Section 105. National Advisory Committee on institutional quality and integrity*

This section extends the authorization date from September 30, 2004 to September 30, 2011.

*Section 106. Drug and alcohol abuse prevention*

"Grants Directed at Reducing Higher Education Drug and Alcohol Abuse" will replace the old "Alcohol and Drug Abuse Prevention Grants" and "National Recognition Awards." The purpose of these grants is to reduce the rate of drug abuse, underage alcohol use, and binge drinking among students at institutions of higher education. An eligible entity is a State, an institution of higher education, or a nonprofit entity.

The timing, manner, and information required for applications will be determined by the Secretary. Each application will include a description of how the entity will enhance or build a statewide coalition, how the entity will target underage students, how the entity will ensure the coalition is implementing the purpose of the grants and moving toward the achievement indicators, a list of the members of the coalition or interested parties, how the entity will work with State agencies, how these funds will reduce rates of drug and underage alcohol abuse, and how the entity will reach out to students, address the needs of students and communities, and address community norms for students regarding drug and alcohol abuse.

A "statewide coalition" is a coalition that works toward lowering the alcohol abuse rate by targeting underage students at institutions of higher education and the surrounding communities and includes institutions of higher education and a State and a nonprofit group, community drug and alcohol abuse prevention coalition, or another substance abuse prevention group within a State. The "surrounding community" surrounds an institution of higher education, has students from the institution who take part in the community and has students who live off campus in the community.

When the Secretary first publishes a notice in the Federal Register soliciting applications for these grants, the Secretary will include achievement indicators for this program. The achievement in-

dicators will measure the impact that the coalitions have on the institutions of higher education and surrounding communities, measure the quality and accessibility of the programs or information offered by the coalitions, and other measures as the Secretary determines appropriate.

These funds will supplement, not supplant, Federal and non-Federal funds available for carrying out these activities. Not more than 5 percent of a grant may be used for administrative expenses. Such sums as may be necessary are authorized for fiscal year 2006 and each of the 5 succeeding fiscal years.

*Section 107. Prior rights and obligations*

Section 107 extends the authorization of appropriations under section 121 of the act from fiscal year 1999 to fiscal year 2006 and succeeding fiscal years.

## PART C—COST OF HIGHER EDUCATION

*Section 108. Cost of higher education*

Section 108 expands the information that the Secretary will make available to the public on an annual basis. The college consumer information that the Secretary will make available and update regularly will include the average annual cost of attendance for a first-time, full-time undergraduate student for periods of 5 and 10 years preceding the year for which the information is made available and a ranking of the dollar amount and percent increases in tuition and fees for all institutions for which data are available.

The national study of expenditures at institutions of higher education will be conducted on an annual basis. The study will now include in its evaluation the average cost of attending an institution, disaggregated by category; the average annual cost of attending an institution for periods of 5 and 10 years preceding the year for which the information is made available, disaggregated by category; and State assistance to institutions.

The categories to be used are: all institutions of higher education; 4-year, public, degree-granting institutions; 2-year, public degree-granting institutions; 4-year, non-profit, private degree-granting institutions; 2-year, nonprofit, private degree-granting institutions; 4-year, for-profit, private degree-granting institutions; 2-year, for-profit, private degree-granting institutions; and less than 2-year, for-profit, private institutions.

The Bureau of Labor Statistics will now develop a higher education cost index, in consultation with the Commissioner of Education Statistics, which tracks inflation changes in the relevant costs associated with higher education.

## PART D—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

*Section 109. Performance-based organization for the delivery of Federal Student Financial Assistance*

The functions of the Performance-Based Organization (PBO) in the Department of Education are now referred to as "administrative and oversight" functions, and not "operational." The Secretary will assist the Chief Operating Officer in identifying goals for ad-

ministration of the systems used to administer the student aid programs and for updating such systems to current technology.

The PBO will be responsible for administration of Federal student financial assistance programs including the collection, processing and transmission of data to students, institutions, lenders, State agencies, and other authorized parties, and the design and technical specifications for software development and procurement for systems supporting the students financial assistance programs of title IV. The PBO will also be responsible for ensuring the integrity of the student assistance programs authorized under title IV.

The PBO will be responsible for developing an annual budget for its activities and functions. The Chief Operating Officer will now consult with students in addition to other stakeholders such as borrowers, institutions, lenders, guaranty agencies, secondary markets, and others. The Chief Operating Officer is no longer limited to appointing not more than 25 technical and professional employees to administer the functions of the PBO.

*Section 110. Procurement flexibility*

The PBO will, through the Chief Operating Officer, use procurement systems that streamline operations, improve internal controls and enhance management, and assess the efficiency of such systems and the systems' ability to meet PBO requirements.

Contracts awarded on a "sole-source basis" are renamed contracts awarded on a "single-source basis," defined as a contract awarded to a source after soliciting an offer or offers from, and negotiating with, only such source (although such source is not the only source in the marketplace capable of meeting the need) because such source is the most advantageous source for purposes of the award.

## TITLE II—TEACHER QUALITY ENHANCEMENT

The purpose of title II is to improve student achievement and the quality of the Nation's teaching force by holding higher education institutions accountable for preparing teachers and promoting strategies to recruit qualified individuals.

### PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

*Section 201. Purposes and definitions*

An "early childhood education program" is a Head Start or Early Head Start program, a State childcare program or school, or a State pre-kindergarten program. "Early childhood educator" is an individual responsible for the education of children in an early childhood education program. The term "teacher mentoring" is the mentoring of teachers through established or implemented programs. "Teaching skills" are the ability to: increase student achievement; convey and explain academic subjects; conduct assessments of student learning; manage a classroom; work with parents; and use age appropriate strategies.

"Children from low-income families" are children as described in section 1124(c)(1)(A) of ESEA. "Scientifically based reading research" is the term in section 1208 of ESEA. The terms "educational service agency," "exemplary teacher," "highly qualified,"

"professional development," and "scientifically based research" have the same meanings given to them in section 9101 of ESEA.

*Section 202. State grants*

An application must demonstrate that the eligible State complies with the various sections in title II and is consistent with State, local and other education reform activities. It must include measurable objectives and describe the State's capacity to measure teacher preparation programs. The application must detail efforts to reduce teacher shortages and expand the integration of statewide data systems to measure the effectiveness of teacher preparation programs. Grantees must ensure that teacher preparation programs are preparing highly qualified teachers to understand scientifically based research and to use technology effectively. States must align teacher certification or license requirements with content standards and assessments and create requirements for high-need areas. A State must evaluate annually the effectiveness of teacher preparation programs and make the report widely available to the public.

States may also use grant funds to carry out any of the following activities: providing alternative routes to certification or licensure; implementing innovative programs to enhance the ability of higher education institutions; developing mechanisms to recruit and retain teachers; creating teacher scholarships; removing incompetent or unqualified teachers; building systems to measure the effectiveness of teacher preparation programs and gains in student academic achievement; developing strategies to expand programs and professional development opportunities; assisting teachers to use technology effectively; increasing the number teachers in high-need areas; offering technical assistance to low-performing teacher education programs; and performing evaluations of programs.

Funds made available must be used to supplement and not replace other Federal, State, and local funds already designated for similar programs and activities.

*Section 203. Partnership grants*

Eligible partnerships include: a school or department within a partner institution focusing on education, psychology, or human development; a science-, mathematics-, or technology-oriented group; an educational service agency; a consortium of local educational agencies; and a non-profit telecommunications entity.

Each application must contain a needs assessment of all the partners and include a description of the extent to which the teacher preparation program prepares new teachers and how the partnership would coordinate with other programs. An application must include a resource assessment of the resources available to the eligible partnership and an evaluation plan. In addition, it must describe how the partnership would do the following: align the teacher preparation program with academic achievement, early learning, and content standards; connect faculty at partner institutions with teachers and their classrooms; ensure that educators receive information about the various activities offered by the grant; design or enhance both a clinical and induction program; collect, analyze, and disseminate data on teacher retention.

The focus of professional development activities under this program is on new teachers. Funds may be used for developing alter-

natives to traditional preparation for certification and licensure, recruitment, innovative programs, teacher scholarships, coordination with community colleges, clinical experience, professional development, technology, increasing the number of teachers in high-need areas, instruction, master's degree programs, and literacy training.

Partnership members must regularly consult throughout the development and implementation of programs and activities. Funds made available must supplement and not replace other Federal, State, and local funds already designated for similar programs and activities.

A partnership is eligible to receive only one grant during a 5-year period. Individual members within a partnership are eligible to receive another grant during this period by participating in other partnerships with different members.

*Section 204. Administrative provisions*

Section 204 of the act, Teacher Recruitment Grants, is deleted.

*Section 205. Accountability and evaluation*

States that receive grants under section 202 must submit annual reports to the Secretary of Education and the authorizing committees. States must report on student achievement, raising standards, initial certification or licensure, the percentage of highly qualified teachers, teacher shortages, and professional development opportunities.

Partnerships must evaluate the percentage of highly qualified teachers hired by the high-need local education agencies and the percentage of highly qualified teachers working within the various targeted demographics.

*Section 206. Accountability for programs that prepare teachers*

States annually receive reports from institutions of higher education that have teacher preparation programs and enroll students receiving Federal financial aid. The reports must include how the program is using technology. In addition, each eligible partnership receiving a grant under section 203 will report annually on the progress made toward meeting identified goals.

States must submit annually a report card on the quality of teacher preparation to the Secretary of Education. The Secretary may not create a national list or ranking of States or schools based on these reports. The Secretary must provide Congress with a report card on teacher qualifications and preparation in the United States. The content of the report must contain a comparison of States' and eligible partnerships' efforts to improve the quality of the teaching force.

*Section 207. State functions*

If a State terminates financial support for a teacher preparation program due to low performance, the program must provide transitional support for students enrolled at the institution at the time of the termination.

*Section 208. General provisions*

A State educational agency must provide to a teacher preparation program, upon request, any education-related information the agency has gathered about the teacher preparation program.

*Section 209. Authorization of appropriations*

Section 209 authorizes such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years. Fifty percent of the funds is available for each fiscal year to award grants to States under section 202. The remaining 50 percent of the funds is available for each fiscal year to award grants to local partnerships under section 203. If there are an insufficient number of applications under either section 202 or 203, the Secretary of Education may reallocate remaining funds to the other section.

## TITLE III—INSTITUTIONAL AID

There is a national interest to aid institutions that historically serve students who have been denied access to postsecondary education because of race or national origin. It is important to ensure these schools have sound management and fiscal operations and the technical capacity to offer equal educational opportunities to the students they serve. The purpose of the title is to provide Federal assistance through programs to institutions of higher education that serve high percentages of minority students and students from low-income backgrounds.

### PART A—STRENGTHENING INSTITUTIONS

*Section 301. Program purpose*

Special consideration for awarding grants includes student services. The types of grant activities are expanded to include using grant aid for education or counseling services designed to improve financial literacy of students or their parents.

*Section 302. Definitions; eligibility*

Section 302 makes a technical change to existing law.

*Section 303. American Indian tribally controlled colleges and universities*

The definition of a "Tribal College or University" is amended to include institutions identified in section 2 of the Tribally Controlled College or University Assistance Act of 1978, a tribal college or university listed in the Equity in Educational Land Grant Status Act of 1994, or the Navajo Community College Assistance Act of 1978.

Allowable uses of grant funds are expanded. Institutions may use grant aid for education or counseling services designed to improve financial literacy of students or their parents. Additionally, funds may be used to develop or improve distance learning or Internet capabilities.

The Secretary of Education may reserve 30 percent of a fiscal year's appropriated funds to award at least $1 million for maintenance and renovation at eligible institutions. Preference is given to a tribally controlled college or university that has never received an award under section 316.

The Secretary of Education would use remaining appropriated funds to award grants on a formula basis. All such grants would be in the amount of at least $500,000. Sixty percent of these funds would be awarded proportionally, based on the number of Indian students enrolled at these colleges and universities. The remaining 40 percent would be distributed equally among all eligible schools.

Colleges or universities that are eligible for and receive funds under section 316 would not be eligible to receive any additional funding, concurrently, under part A or B of title III. Eligible institutions would not be subject to the wait-out period with respect to new funding under section 316.

*Section 304. Alaska native and native Hawaiian-serving institutions*

Institutions may use grant aid for education or counseling services designed to improve financial literacy of students or their parents.

*Section 305. Native American-serving, nontribal institutions*

Section 305 authorizes a new grant program specifically for Native American-serving, nontribal colleges or universities. The Secretary of Education must provide grants of at least $200,000 for schools to improve their capacity to serve Native Americans. Grants may be used to fund the following types of activities: purchasing scientific or laboratory equipment, books, and other educational material; renovating classrooms, libraries, or other instructional facilities; and supporting faculty and curriculum development, tutoring and other student support services.

In order to be eligible for a grant, the institution may not be a tribal college or university and at least 10 percent of the undergraduate enrollment must be composed of Native American students. Additionally, institutions that are eligible for or receive funds under section 318 would not be eligible to receive any additional funding, concurrently, under part A or part B of title III. This section waives the requirement in section 313(d), allowing eligible institutions to apply for new funding once the grant expired.

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

*Section 306. Part B definitions*

This section adds the Commissioner for Education Statistics to the entities determining the "professional and academic areas in which Blacks are underrepresented."

*Section 307. Grants to institutions*

Institutions may be able to use grant aid for education or counseling services designed to improve financial literacy of students or their parents.

*Section 308. Allotments to institutions*

In order to receive an allotment of funds, eligible historically black colleges and universities must provide institutional data on the number of enrolled Pell grant recipients and graduates from the past academic year as well as the number of graduates in the past 5 years who enrolled in a graduate or professional school.

*Section 309. Professional or graduate institutions*

Institutions may use grant aid for education or counseling services designed to improve financial literacy of students or their parents or for various academic student support services. Funds may also be used to acquire property adjacent to colleges and universities.

The following three universities are added to the list of qualified graduate programs: Alabama State University, Coppin State University, and Prairie View A&M University.

In determining awards, the Secretary shall consider the amount of non-Federal funds that come from the institution's own resources as well as private donors, State allocations and the amount of institutional funds designated for Federal matching dollars. In addition, the Secretary would determine funding based on the percentage of the institution's Black American and minority students who receive their first graduate or professional degree in comparison to the total number of Black American and minority students who earn their first graduate or professional degree.

*Section 310. Authorization of appropriations*

Section 310 authorizes such sums as may be necessary for all programs under title III for fiscal years 2006–11.

*Section 311. Technical corrections*

Section 311 makes technical and conforming changes throughout title III.

## TITLE IV—STUDENT ASSISTANCE

### PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

The purpose of part A is to increase participation of eligible students in higher education with grants for student financial assistance, State assistance and programs, special programs and projects, and institutions of higher education.

*Section 401. Federal Pell grants*

Section 401 raises the authorized level for a maximum Federal Pell grant for eligible students to $5,100 for academic year 2006–07; $5,400 for academic year 2007–08; $5,700 for academic year 2008–09; $6,000 for academic year 2009–10; and $6,300 for academic year 2010–11. This section revises the minimum grant award from $400 to 10 percent of the maximum authorized award for an award year. Students eligible for an award less than 10 percent of the maximum award but more than 5 percent of the maximum award would receive an award equal to 10 percent of the maximum award. Students eligible to receive an award of an amount less than 5 percent of the maximum award authorized would not receive any Pell grant assistance.

The Secretary of Education shall allow eligible students seeking to enroll in additional academic sessions (e.g., year-round coursework or summer semester in addition to fall and winter semesters) to receive up to two Pell grants in a single award year. Students would need to be enrolled at least on a half-time basis in

a 2- or 4-year program of instruction and for more than 1 academic year in order to be eligible to receive a second Pell grant. The total monetary amount of the two awards combined may exceed the mandatory maximum grant level specified in the Appropriations Act for that given award year.

The "tuition sensitivity" provision, that could negatively affect award amounts for students attending low-cost institutions, such as community colleges, has been eliminated. Eligible students may only receive Pell grants for up to 18 semesters, or a time period equivalent to 18 semesters.

*Section 402. Federal TRIO grants*

Awarded grants or contracts may be provided for a 5-year period, but grants identified specifically for staff training and development may only be for a 2-year period. The duration of a grant for evaluation and assessment of a program is be determined by the Secretary of Education. All awards for an individual grant would be at least $200,000, except for staff training and development programs. For these particular programs awards would be at least $170,000.

The Secretary must establish outcome criteria for measuring the quality and effectiveness of the Talent Search, Upward Bound, Student Support Services, Postbaccalaureate Achievement, and Educational Opportunity Centers programs. The Secretary is required to measure secondary school completion, postsecondary enrollment, and postsecondary completion outcomes for students served by the grant programs. Programs would be assessed on how they meet or exceed their various objectives.

*Section 402B. Talent Search*

Talent Search programs must provide the following activities: academic tutoring; assistance in selecting secondary courses and applying for college; information on and assistance in completing financial aid forms; guidance to high school drop outs; and services designed to improve student or parent financial and economic literacy. The section also expands the permissible services component to include programs for students with disabilities and those who are homeless or in foster care.

*Section 402C. Upward Bound*

The amendments alter and strengthen the required services component for Upward Bound programs. Upward Bound programs must provide the following activities: academic tutoring; assistance in selecting secondary courses and applying for college; information on and assistance in completing financial aid forms; guidance to high school drop outs; and services designed to improve student or parent financial and economic literacy. In addition to those with limited English proficiency, the permissible services component is expanded to include programs for students with disabilities and those who are homeless or in foster care.

*Section 402D. Student Support Services*

The purpose of Student Support Services is expanded to include improving students' financial and economic literacy, such as personal income and financial planning. In addition to creating a sup-

portive institutional climate for low-income and first generation college students as well as individuals with disabilities, this program may also support students with limited English proficiency and those who are homeless or in foster care.

Student Support Services programs must provide the following activities: academic tutoring; assistance in selecting postsecondary courses, transferring from a 2-year to a 4-year program, or enrolling in graduate programs; information on and assistance in completing financial aid forms; and services designed to improve student or parent financial and economic literacy. The permissible services may include securing temporary housing during school breaks for students who are homeless or in foster care.

*Section 402E. Postbaccalaureate Achievement Program authority*

Activities under this program may include education or counseling services, mentoring programs, and exposure to cultural events and academic programs.

*Section 402F. Educational Opportunity Centers*

The purpose of Educational Opportunity Centers is expanded to include improving student or parent financial and economic literacy, such as personal income and financial planning. Funds could be used for education or counseling designed to improve students' financial and economic literacy as well as personal, career, and academic counseling. In addition to those with limited English proficiency, funds may be used to assist students with disabilities and those who are homeless or in foster care.

*Section 402H. Reports, evaluations, and grants for project improvement and dissemination*

The title of section 402H would change from "Evaluations and Grants for Project Improvement and Dissemination Partnership Projects" to "Reports, Evaluations, and Grants for Project Improvement and Dissemination." The Secretary of Education must submit a report at least once every 2 years, highlighting the number of grants awarded, the number of individuals served by the programs as well as information about these individuals, and the outcomes achieved by the various programs and comparing grant awards during the fiscal year to those from recent grant cycles.

*Section 403. Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)*

Section 403 eliminates the current law priority for eligible entities that had previously carried out programs under chapter 2 prior to the Higher Education Amendments of 1998.

This section requires the Secretary of Education to consider the geographic distribution of awards and the distribution of awards between urban and rural applicants.

Section 403 also removes the current law limitation on the amount of funds used specifically for early intervention. The section shifts requirements that activities not displace other employees and that grantees have adequate coordinating staff into the list of information that must be provided as part of the grantee's application. Entities must ensure that grants awarded would be used to

supplement and not supplant Federal, State and other local funds used for similar activities and programming.

The title of section 404C is changed from "Eligible Entity Plans" to "Applications." The contents of an application for a grant must include: description of how the entity meets the scholarship requirements; demonstration of adequate staffing for coordinating activities; assurance that activities would not displace employees or eliminate positions at schools; description of how the entity defines the targeted cohort and serves the cohort through grade 12; description of program coordination with existing Federal, State, and local projects; and required activities.

The title of section 404D is changed from "Early Intervention" to "Activities." Grantees are required to carry out the following activities: provide information on financial aid to the cohorts; encourage student enrollment in challenging secondary coursework; support activities designed to lead to students graduating from high school and enrolling in institutions of higher education; and provide scholarships. Grantees may also use funds for tutoring, mentors, outreach, secondary and postsecondary support services, development or implementation of rigorous secondary curricula, dual enrollment, college visits, extended school day programs, or scholarships. States would be given the option to promote additional activities, such as technical assistance to middle or secondary schools, professional development opportunities, strategies to increase postsecondary enrollment and graduation rates, alignment of secondary and postsecondary curricula and standards, alternatives to the traditional secondary school that provide a stronger link between high school and postsecondary options, drop out recovery programs, and dissemination of best practices.

States receiving grant funds under this chapter must use at least 25 percent and no more than 50 percent of funds for scholarships for eligible students. Remaining funds would be used for activities described in section 404D. Grantees could use more than 50 percent of their funds for these activities if they have other means of providing financial assistance.

Entities must notify students when they enter the programs of the eligibility requirements to receive a scholarship. Each grantee must create or organize a trust for each cohort of students. The trust must provide each student in the cohort with, at a minimum, an amount equal to the minimum Pell grant award described in section 401. Funds in a trust would become available to a student once he or she graduated from high school or the equivalent and enrolled in a 2- or 4-year institution. Students could use funds for qualifying educational expenses, including tuition, fees, books, supplies, equipment, and designated special needs.

Trust funds not used within 6 years of the student's expected date of completion from secondary school could be redistributed to other eligible students. Excess or unused funds by an entity would be returned to the Secretary of Education. The Secretary would then redistribute the funds to other grantee entities.

Section 404F of the existing law, 21st Century Scholarship Certificates, is repealed. Sections 404G and 404H are redesignated as sections 404F and 404G.

Section 403 authorizes such sums as may be necessary for fiscal years 2006–11.

*Section 404. Academic Achievement Incentive scholarships*

This chapter is repealed.

*Section 405. Federal Supplemental Educational Opportunity grants*

The allowance of books and supplies used to compute the average cost of attendance is raised from $450 to $600.

*Section 406. Leveraging Educational Assistance Partnership Program*

Applications for Leveraging Educational Assistance Partnership Programs. The monetary amount allocated by States for an individual student grant increased from a maximum of $5,000 per academic year to either a maximum of $12,500 per academic year or the student's cost of attendance, whichever is less. States must notify eligible students that aid is from Leveraging Educational Assistance Partnership grants and funded by the Federal Government, the States, and other contributing partners.

*Grants for access and persistence*

The title for section 415E, "Special Leveraging Educational Assistance Partnership Program." would be changed to "Grants for Access and Persistence." The purpose of this section is expanded to include college access and persistence by making State allotments to: expand and enhance partnerships with institutions of higher education; provide need-based grants to eligible low-income students; provide early notification of eligibility for financial aid; and encourage participation in early information, intervention, and other outreach programs.

States desiring an allotment must submit an application to the Secretary of Education. The application must describe the State's plan for using the funds and the organizational structure to administer the various activities and assure that the State provides the non-Federal share and that early information, intervention, and other outreach programs exist. An application must also explain the State's methods for identifying and awarding grants to eligible students. State agencies must apply for an allotment in partnership with the following organizations or entities: at least one private and one public college or university located in the State, if applicable; early information, intervention, and other outreach State programs; and at least one State philanthropic organization or private corporation.

The Secretary makes an allotment to States to pay the Federal share of the cost of carrying out the various authorized activities. The amount of the Federal share is determined by the percentage of full-time students enrolled in the State's partnership colleges and universities in comparison to the total number of students attending institutions of higher education in the State. The Federal share is 50 percent if enrollment in the State's partnership schools represents less than a majority of all students attending colleges and universities. The Federal share is 57 percent if enrollment in the State's partnership schools represents a majority of all students attending colleges and universities.

Each State receiving an allotment must use funds toward the overall partnership to award grants for eligible low-income students. If the State's partnership is with institutions serving less

than a majority of students in the State, the monetary amount of an individual student grant would be at least equal to the average undergraduate tuition and mandatory fees at 4-year public institutions. If the State's partnership is with institutions serving a majority of students in the State, the monetary amount of an individual student grant would be no more than equal to the average cost of attendance at 4-year public institutions.

States must annually notify low-income students in grades 7 through 12 of their potential eligibility for financial assistance. To be eligible to receive a grant, students must meet at least two of the following criteria: have an expected family contribution of zero; qualify for a free or reduced lunch; qualify for the State's maximum undergraduate award; or participate in early information, intervention, or other outreach programs. Students would receive a grant for each year of their undergraduate education, as long as they remained financially eligible and meet the State's degree completion time limits.

The State agency receiving an allotment must annually report to the Secretary on the partnership's progress in meeting identified goals and objectives. Within 3 years of the enactment of the Higher Education Amendments of 2005 and annually thereafter, the Secretary must submit a report to Congress describing activities and the impact of the partnerships.

*Section 407. Special programs for students whose families are engaged in migrant and seasonal farmwork*

The services provided by the college assistance migrant program are expanded to include internships. Program follow-up services with students, after they complete their first year of college, may include encouraging students to transfer from 2-year to 4-year institutions of higher education.

The Secretary of Education shall allocate an amount no greater than $180,000 for each project under the high school equivalency program or the college assistance migrant program.

*Section 408. Robert C. Byrd Honors Scholarship Program*

This program is reauthorized for such sums in fiscal year 2006 and the 5 succeeding fiscal years.

*Section 409. Child Care Access Means Parents in School*

Section 409 sets the minimum grant level at $10,000 and $30,000 when the amount appropriated for activities under this section is equal to or greater than $20 million.

The definition of a "low-income student" is expanded to include a person who would be eligible to receive a Pell grant except that the student is enrolled in a graduate or professional course or is in the United States for a temporary period of time.

*Section 410. Learning anytime anywhere partnerships*

This entire chapter is repealed, including sections 420D, 420E, 420F, 420G, 420H, 420I, and 420J.

## PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

The purpose of part B is to encourage States and nonprofit private institutions and organizations to establish loan insurance programs for students.

*Section 422. Federal payments to reduce student interest costs*

Student borrowers studying at an eligible foreign institution must have the institution request that the disbursement be made directly to the student, unless the student is enrolled in a program of study abroad that is approved for credit by their home institution. Under current law, any student studying outside the United States may request that the disbursement be made directly to them.

*Section 423. Federal consolidation loans*

Lenders of consolidation loans must disclose to those who consolidate Federal Perkins loans that the borrower would lose all interest-free periods. Borrowers do not accrue interest on their Perkins loans when enrolled in school and during grace or deferment periods. Lenders must also notify borrowers that they would become ineligible for loan cancellation under the Perkins loan program.

*Section 424. Default reduction program*

Section 424 requires guaranty agencies offering programs that allow borrowers with defaulted loans to renew eligibility on their loans after borrowers make six consecutive monthly payments to make available financial and economic educational materials before, during, or after rehabilitation of the loans.

*Section 426. Reports to credit bureaus and institutions of higher education*

The Secretary of Education, guaranty agencies, eligible lenders, and holders must include information about the type of loan made, the repayment status of the loan, and any other information mandated by Federal law when providing information to consumer reporting agencies concerning student borrowers. The information must be provided to all nationwide consumer reporting agencies.

*Section 428. Student loan information by eligible lenders*

Lenders, guaranty agencies, secondary markets, consumer reporting agencies, or loan servicers may only sell, transfer, or give information about students for activities associated with preventing defaults on loans. Each eligible lender, holder, or servicer must provide the borrower with information on loan benefit repayment options, including comprehensive information on reducing interest rates.

*Section 429. Consumer education information*

Guaranty agencies working with institutions of higher education must develop or use existing educational programs and materials to provide training for students in budgeting and financial management.

*Section 430. Definition of eligible lender*

Under current law, eligible lender institutions must use proceeds from special allowance payments and interest payments from borrowers for need-based grant programs. The bill would require the proceeds from the sale of loans by eligible lender institutions and all other proceeds to be used for need-based grant programs as well, except for reasonable reimbursement for direct administrative expenses.

*Section 431. Repayment by the secretary of loans of bankrupt, deceased, or disabled borrowers; treatment of borrowers attending schools that fail to provide a refund, attending closed schools, or falsely certified as eligible to borrow*

The title of this section is changed from "Repayment by the Secretary of Loans of Bankrupt, Deceased, or Disabled Borrowers; Treatment of Borrowers Attending Closed Schools or Falsely Certified as Eligible to Borrow" to "Repayment by the Secretary of Loans of Bankrupt, Deceased, or Disabled Borrowers; Treatment of Borrowers Attending Schools that Fail to Provide a Refund, Attending Closed Schools, or Falsely Certified as Eligible to Borrow."

PART C—FEDERAL WORK-STUDY PROGRAMS

The purpose of part C is to promote part-time employment of undergraduate and graduate students who need earnings to pursue their courses of study. Additionally, the goal of part C is to encourage students receiving Federal financial aid to participate in community service activities.

*Section 441. Authorization of appropriations*

Section 441 authorizes such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.

*Section 442. Allowance for books and supplies*

An institution's eligibility for funding under this part is equal to the sum of the self-help need of all the school's undergraduate and graduate students. The self-help of a student is calculated using a variety of factors, including an allowance for books and supplies. This allowance is increased from $450 to $600.

*Section 443. Grants for Federal work-study programs*

Section 443 permits the Secretary to waive the community service requirement under this part if an institution certifies that at least 15 percent of its full-time student enrollment participates in community service or tutoring or literacy activities.

*Section 444. Job location and development programs*

Institutions may use no more than 10 percent or $75,000, whichever is less, of their allotments to establish or expand programs that locate and develop jobs for currently enrolled students.

*Section 445. Work colleges*

Section 445 amends the purposes of this section to include support for existing and new model student volunteer community service projects associated with local institutions of higher education.

## PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

*Section 451. Funds for administrative expenses*

There is authorized $904 million in fiscal year 2006, increasing to $1.064 billion in fiscal year 2011 for use by the Secretary to pay costs of administering the Direct Loan and FFEL programs and to pay account maintenance fees to guaranty agencies under the FFEL program.

## PART E—FEDERAL PERKINS LOANS

*Section 461. Program authority*

There are authorized such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years to enable the Secretary to make contributions to student loan funds and such sums as necessary to enable students who have received loans prior to October 1, 2012 to continue or complete courses of study.

*Section 462. Terms of loans*

Students with Perkins loans in default shall not be eligible for additional aid under title IV. Formerly, ineligibility was limited to additional Perkins loans. Section 462 eliminates the requirement that requests for forbearance must be made in written form.

*Section 463. Cancellation of loans for certain public service*

Section 463 adds to the list of those eligible for Perkins loan cancellation: (1) full time staff members in a prekindergarten or child care program that is licensed or regulated by the State (in addition to Head Start), (2) full-time faculty members at tribally controlled colleges and universities, (3) librarians with a master's degrees in library science who are employed in an elementary or secondary school library eligible for assistance under title I of ESEA or in a public school library that serves a geographic area that contains one or more title I eligible schools, and (4) speech and language pathologists working with students with disabilities serving exclusively those schools that are eligible for assistance under title I of the Elementary and Secondary Education Assistance Act.

## PART F—NEED ANALYSIS

*Section 471. Cost of attendance*

Section 471 amends factors used in determining cost of attendance to include: (1) for less than half-time students, room and board costs for not more than three semesters or the equivalent, of which not more than two may be consecutive, and (2) at the option of the institution, for students in programs requiring professional licensure or certification, the one-time cost of obtaining the first professional credential.

*Section 473. Definitions*

Section 473 strikes the provision that reduces cost of attendance by the amount of prepayment made through tuition prepayment plans and adds such plans (and other qualified education benefits, including Coverdell education savings accounts) to the definition of "assets," except that such qualified education benefits shall not be

considered assets of a dependent student when calculating expected family contribution. The section specifies that assistance provided by a State to offset a specific component of cost of attendance may be excluded from both estimated financial assistance and cost of attendance (and requires that if it is excluded from one, it shall be excluded from both).

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE

*Section 481. Definitions*

The term "eligible program" is expanded to include an instructional program that utilizes direct assessment of student learning or that recognizes the direct assessment of student learning by others.

*Section 482. Compliance calendar*

This section directs the Secretary to provide institutions of higher education a list of all reports and disclosures required under this act at the beginning of each award year. This information shall include the date each report is due, the required recipients, the method of transmission, references to the statutory authority, a description of the contents of the report and any other information that the Secretary may require.

*Section 483. Forms and regulations*

This section establishes common financial aid forms and processing that are developed in cooperation with representatives of agencies and organizations involved in student financial assistance. These forms shall be produced, distributed and processed free of charge and made available to applicants in both paper and electronic formats and referred to as the "Free Application for Federal Student Aid" or "FAFSA". The Secretary shall also develop and use a simplified paper application form, to be known as the "EZ FAFSA" to be used by families who have a zero expected family contribution. The Secretary shall include on the EZ FAFSA any data that is required by States, and publish annually in the Federal Register a request for States to inform the Secretary of questions they need on the FAFSA to gather information relevant to State programs. All information on the FAFSA shall be available to institutions of higher education, guaranty agencies, and States. The Secretary shall make all efforts to encourage all applicants to utilize the electronic forms, including a simplified electronic application, and should conduct a study on the feasibility of using downloaded forms to ensure sufficient quality to meet processing requirements. The Secretary shall use any realized savings from the phasing out of the paper form to improve access to the electronic form and make an annual report on progress in moving to the electronic form. The Secretary shall permit an electronic form to be submitted without a signature if a signature is subsequently submitted or if the applicant uses a personal identification number provided by the Secretary. The Secretary shall also develop a streamlined reapplication form and process, including both paper and electronic versions for an applicant who applies for financial assistance in succeeding academic years. In the reapplication proc-

ess, families determined to have a zero family contribution shall not be required to provide any financial data.

The Secretary shall permit an applicant to complete a FAFSA form in the years prior to postsecondary enrollment to obtain from the Secretary a non-binding estimate of the applicant's expected family contribution.

*Section 484. Student eligibility*

This section specifies that in order to be eligible to receive aid under this title, a student must be a citizen or permanent resident enrolled in an eligible program, be making satisfactory progress in that program, not owe a refund or be in default of a previous loan and have filed a FAFSA for aid determination. An institution may determine that a student who has completed six credit hours (or the equivalent) applicable to a degree or certificate has the ability to benefit from the education or training offered by the institution.

A student who is convicted of an offense involving the possession of a controlled substance while enrolled in an institution of higher education and receiving financial assistance under this title shall lose eligibility under this title for 1 year after the first offense; 2 years after the second offense and indefinitely after the third offense. A student who successfully completes a rehabilitation program may resume eligibility before the end of the ineligibility period. Students convicted of the sale of a controlled substance will be ineligible for funds under this title for 2 years after the first offense and indefinitely after the second offense. This section clarifies that the FAFSA form will not be the mechanism for enforcing these provisions.

Section 484 clarifies enrollment of students through distance education programs, consistent with the changes made in section 102, so that students enrolled in distance education programs shall not be considered to be enrolled in correspondence courses.

*Section 485. Statute of limitations and state court judgments*

Section 485 ensures that obligations to repay loans and grant overpayments are enforced. In collecting any obligation on Perkins loans, an institution of higher education shall not be denied payment due to a claim of infancy by the borrower. The section clarifies that payments are not due in the case of a student who is deceased, and that payments may not be required of a deceased student's estate.

*Section 486. Institutional refunds*

If a recipient of aid under this title withdraws from an institution during a payment period or a period of enrollment, the amount of grant aid returned by the individual or institution is specified. An institution must allow for one or more leaves of absence. Not later than 45 days after the date of an institution's determination that a student withdrew from the institution, the institution shall return the amount required, and notify the student of the applicable requirements.

*Section 487. Institutional and financial assistance for students*

This section requires that eligible institutions disseminate information to prospective and enrolled students. Each institution must

disclose information on student financial assistance and the procedures for applying for such assistance, the cost of attending the institution and general information about the academic and non-academic aspects of the school programs. For the purposes of information on graduation rates, the institution may exclude information on students who leave school to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government or, if the students in that category exceed 20 percent of an institution's enrollment, include such students, but exclude the time period the students were not enrolled due to their service. The institution must also provide an exit interview to borrowers of title IV loans which shall include information on loan repayment, including the effects of consolidation on total interest, fees and length of repayment and the effects of that consolidation on underlying loan benefits, including forgiveness, cancellation and deferment. Also included should be the borrower's ability to prepay the loan, tax benefits and the consequences of default.

Each institution participating in title IV must also publicly disclose the institution's current transfer of credit policy that includes a statement that the institution shall not deny transfer of credit based solely on the accreditation of the sending institution and a list of institutions with which the institution has established articulation agreements.

This section requires institutions to provide information on student body diversity, including the percentage of enrolled, full-time students who are male, female, from a low-income background, and a self-identified member of a major racial or ethnic group.

*Section 489. Early awareness of financial aid eligibility*

The Secretary shall work with institutions of higher education and other agencies involved in college access to inform students who receive or are eligible to receive means-tested benefits that they are potentially eligible for a maximum Pell grant when they are in middle or high school students or participants in Adult Basic Education programs. These estimates should be as accurate as possible. In addition, not later than 2 years after the enactment of the Higher Education Amendments of 2005, the Secretary shall coordinate with relevant entities to implement a public awareness campaign on the availability of financial aid under this title.

*Section 490. College access initiative*

The Secretary shall direct each guaranty agency to provide to the Secretary the information necessary for the development of Internet Web links and access for students and families to a comprehensive listing of postsecondary education programs, publications and other services available in the State to help interested persons access college.

*Section 491. Program participation agreements*

This section requires that an eligible institution establish administrative and fiscal procedures and records to ensure orderly and efficient administration of funds under this title. An institution shall be considered in compliance with the voter registration requirements if the institution transmits such information electronically.

Each eligible institution must have not less than 10 percent of its revenues from sources other than funds provided under this title. In the calculation of the 10 percent, an institution may include funds from sources other than those received under this title, matching funds, student payments from eligible college savings plans established under section 529 of the IRS Code of 1986, funds paid by the student or on behalf of the student by a third party, institutional aid and funds generated by the institution from institutional activities that are necessary for the education and training of the institution's students. Failure to meet this requirement for 1 year may result in the institution being placed on provisional certification and allow the Secretary to increase monitoring and reporting requirements. Failure to meet the requirements for 2 consecutive years shall mean that the institution is ineligible to participate in programs under this title. The Secretary shall make all of this information publicly available.

This section clarifies if an institution is subject to an emergency action or its title IV participation is limited, suspended or terminated, the Secretary shall require that the institution prepare a teach-out plan for submission to the institution's accrediting agency.

*Section 492. Regulatory relief and improvement*

This section maintains the quality assurance programs and the experimental sites. The Secretary has the authority to establish additional experimental sites in addition to maintaining the existing sites if they wish to continue participation.

*Section 493. Transfer of allotments*

This section allows institutions to transfer up to 25 percent of funds between its Federal Supplemental Educational Opportunity Grant and Federal Work-Study accounts.

*Section 494. Wage garnishment requirement*

This section allows the Secretary and guaranty agencies to garnish up to 15 percent of disposable pay of an individual to collect the amount owed by the individual in the case of a loan guaranteed under this title.

*Section 496. Advisory committee on student financial assistance*

This section adds to the purposes of the Advisory Committee by requiring it to provide knowledge and understanding of early intervention programs and to make recommendations that will result in early awareness for low- and moderate-income families of their eligibility for assistance under this title. It also authorizes the Advisory Committee to make recommendations that will expand partnerships among Federal and State Governments, institutions of higher education and the private sector.

This section charges the Advisory Committee with reviewing regulations under title IV of the Higher Education Act and making recommendations to the Secretary to minimize regulatory burdens for institutions of higher education. In the review of regulations, the Advisory Committee shall convene not less than two review panels of representatives of the relevant groups to determine the necessity of the regulations, and recommend to the Secretary the

elimination of regulations that are duplicative, unnecessary, inconsistent with other Federal requirements or overly burdensome. The Advisory Committee shall submit recommendations to the Secretary not later than 2 years after the completion of negotiated rulemaking.

This section also charges the Advisory Committee with conducting a study of innovative pathways to baccalaureate degree attainment, such as dual enrollment, Pell grant program changes, simplification, compressed or modular scheduling, articulation agreements and programs that allow 2–year institutions to offer BA degrees.

## PART H—PROGRAM INTEGRITY

*Section 499. Recognition of accrediting agency or association*

The criteria required for an accrediting agency to be determined reliable by the Secretary have been expanded for those agencies or associations seeking to evaluate institutions or programs offering distance education. In addition to meeting the other requirements of this part, the agency or association must demonstrate to the Secretary that its standards effectively address the quality of an institution's distance education in curricula, faculty, facilities and other areas identified in this subpart. But the agency or association will not be required to have separate standards or policies for evaluating distance education institutions or programs. The agency or association must also demonstrate to the Secretary that it requires an institution that offers distance education to have a process in place so that the institution can establish that the student who registers for a course is the same student who participates, completes, and receives academic credit for that course.

An agency or association must include in its standards for accreditation consideration of student achievement, student retention, course and program completion and, as appropriate, State licensing examinations, job placement rates, and other student performance information selected by the institution, particularly that information used by the institution to evaluate or strengthen its programs.

The agency or association must also demonstrate to the Secretary that it will apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings that comply with due process procedures. These procedures must now provide for an opportunity for written response by any institution to be included in the evaluation and withdrawal proceedings before final action. These procedures must now provide for an opportunity for the institution to appeal any adverse action, upon written request of the institution, such as denial, suspension or termination of accreditation or probation at a hearing prior to final action before an appeals board. The appeals board must not include current members of the agency or association's underlying decision-making body that made the adverse decision and it must be subject to a conflict of interest policy.

This part expands the information that the agency or association must make available to the public and the State licensing or authorizing agency, and must submit to the Secretary. The information is a summary of agency or association actions, including the

accreditation or reaccreditation of an institution and any findings made in connection with the accreditation or reaccreditation. The information will also include any final denial, withdrawal, suspension or termination of accreditation, or placement on probation of an institution, and any findings made in connection with those actions.

This part adds distance education as a focus of reviews that an agency or institution must do on a regular basis in order to be recognized by the Secretary as a reliable authority.

An agency or association must do onsite evaluations of institutions that include a review of the federally required information the institution or program provides its current and prospective students. The agency or association must monitor the growth of programs at institutions that have significant enrollment growth. The agency or association must require an institution to submit a teach-out plan for approval when any of the following occur: the Department notifies the accrediting agency of an action against the institution pursuant to section 487(d); the accrediting agency acts to withdraw, terminate, or suspend the accreditation of an institution; or the institution notifies the accrediting agency that the institution intends to cease operations.

An agency or association must confirm as part of its review for accreditation or reaccreditation that the institution publicly discloses its transfer of credit policies and does not deny transfer of credit based solely on the accreditation of the sending institution.

*Section 499A. Administrative capacity standard*

Section 499A adds a subsection on the Treatment of Teach-Outs at Additional Locations. A location of a closed institution of higher education will be eligible as an additional location of an eligible institution of higher education for the purpose of a teach-out, if such teach-out has been approved by the institution's accrediting agency.

An institution of higher education that conducts a teach-out through the establishment of an additional location described in paragraph (1) will be permitted to establish a permanent additional location at a closed institution and will not be required to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) for the additional location or to assume the liabilities of the closed institution.

*Section 499B. Program review and data*

The Secretary will provide an institution with an adequate opportunity to review and respond to any program review report, and any relevant materials related to the report, before any final determination is reached.

The Secretary will review and consider an institution's response in any final program review determination. The Secretary, at all times, will maintain and preserve the confidentiality of any program review report or determination until the requirements of paragraphs (6) and (7) are met, and until a final program review determination is issued, other than to the extent required to comply with paragraph (5), except that the Secretary will promptly disclose any and all program review reports to the institution of higher education under review.

## TITLE V—DEVELOPING INSTITUTIONS

Hispanic Americans historically struggle to enroll in and graduate from institutions of higher education. Hispanic-serving institutions provide a significant proportion of postsecondary opportunities for Hispanic students despite having limited resources and capacity. The purpose of this title is to expand educational opportunities for Hispanic students by enhancing academic offerings and resources of colleges and universities that educate the majority of these students.

### PART A—HISPANIC-SERVING INSTITUTIONS

*Section 501. Definitions*

The definition of a Hispanic-serving institution is modified to eliminate the requirement that institutions demonstrate that at least 50 percent of their Hispanic students are low-income individuals.

*Section 502. Authorized activities*

Institutions may use grant aid for education or counseling services designed to improve financial literacy of students or their parents. Funds may be used to develop articulation agreements and facilitate the transfer of students from 2-year to 4-year institutions. Institutions may also utilize grants to ensure support programs designed to prepare students to enroll in core courses and successfully complete degree and major requirements.

*Section 503. Duration of grant*

The Secretary of Education shall award a grant to a Hispanic-serving institution for 5 years. These institutions would be able to apply for new funding once the grant expired. The 2-year wait-out-period before receiving an additional grant is deleted.

*Section 504. Postbaccalaureate opportunities for Hispanic Americans*

A new program is created authorizing the Secretary of Education to award grants to eligible Hispanic-serving institutions that offer graduate certificates or degree-granting programs.

Grant awards may be used to fund the following types of activities: purchasing scientific or laboratory equipment, books, and other educational material; building or renovating classrooms, libraries, or other instructional facilities or capabilities; supporting faculty and curriculum development, tutoring and other academic student support services; and collaborating with other colleges and universities to expand graduate certificate opportunities or degree granting programs.

An application for a grant must explain how funds would be utilized to improve postbaccalaureate education opportunities for Hispanic and low-income students. It also must articulate how the experience would lead to students gaining greater financial stability and independence. The Secretary of Education shall award grants to Hispanic-serving institutions for up to 5 years and colleges and universities are only to receive one award per fiscal year.

*Section 505. Applications*

Section 505 makes a technical change.

*Section 506. Cooperative arrangements*

Section 506 makes a conforming change.

*Section 507. Authorization of appropriations*

There are authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

## TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

There is a national interest in enhancing the capacity of institutions of higher education in the United States to produce graduates with international and foreign language expertise and knowledge and to conduct research regarding such expertise and knowledge.

### PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDY

*Section 601. Findings*

Section 601 revises the findings section to reflect changes in the world's geopolitical and economic landscapes that have created a need for American expertise and knowledge about a greater diversity of less commonly taught languages and nations of the world. This title supports centers, programs, and fellowships in American institutions of higher education, including programs partnering with overseas institutions, to increase the numbers of trained personnel and research in foreign language, area studies and other international studies. The Secretary shall consult with appropriate cabinet secretaries to determine national priorities in these areas and shall assist programs funded under this title to develop surveys of graduates to enable a better scope of the contribution of these programs in meeting the purposes of the title.

*Section 602. Graduate and undergraduate language and area centers and programs*

The Secretary is authorized to make grants to applicant institutions of higher education to support comprehensive foreign language or area study centers, including a network of undergraduate programs. Grants may support teaching and research materials, curriculum planning and development, linkages with foreign institutions, instructors of less commonly taught languages, and activities to improve instruction. Fellowships support students at advanced study levels, including doctoral and post-doctoral candidates.

*Section 603. Undergraduate international studies and foreign language programs*

The Secretary is authorized to make grants under this section to establish, strengthen and operate national language resource and training centers at the undergraduate level. The funds from these grants may provide for the development of new teaching materials, the conducting or dissemination of research, the training of teachers or the expansion of experiences for students in foreign countries. In the application, in addition to program quality informa-

tion, the applicant must include how the grant activities will reflect diverse perspectives and a wide range of views and the method used to resolve potential disputes over those diverse opinions and a description of how the applicant will encourage participants to consider government service. Only 20 percent of funds may support undergraduate study, and only 10 percent of total awarded funds may be used for study abroad.

*Section 604. Research and studies*

The Secretary may directly or through grants or contracts conduct research and studies that contribute to achieving the purposes of this part, including comparative studies, research on instructional strategies and studies to assess the need for area studies and language instruction. The Secretary may also direct evaluations of the diversity of the program and effective practices.

*Section 605. Technological innovation and cooperation for foreign information access*

The Secretary is authorized to make grants to institutions of higher education, public or non-profit private libraries or consortia of such institutions or libraries to develop innovative ways to utilize electronic technologies to collect, organize, preserve, and widely disseminate information from foreign sources. Non-profit educational organizations may be part of a consortium.

*Section 606. Selection of certain grant recipients*

In consideration of a pending grant application under this title, the Secretary shall evaluate each application based on established criteria. The Secretary shall also consider the applicant's record of sending students into public service.

*Section 607. American overseas research centers*

The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education. Each center desiring a grant shall submit the required information including how the center will reflect diverse and balanced perspectives and how they will handle policy disputes. Grant funds may support faculty salaries, faculty and student travel, teaching and research material, conferences, and publications.

*Section 608. Authorization of appropriations for international and foreign language studies*

There is authorized such sums as may be necessary for fiscal years 2006–11.

PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

*Section 609. Centers for international business education*

The Secretary is authorized to award grants to institutions of higher education to operate international centers for business education that will be national resources for improved business techniques. Such grants will reflect diverse perspectives and a wide range of views on world regions and international affairs, when applicable.

*Section 610. Education and training programs*

The Secretary is authorized to award grants to institutions of higher education to promote linkages between such institutions and the American business community engaged in international business. Such grants will provide diverse perspectives and a wide range of views on world regions and international affairs.

*Section 611. Authorization and appropriations for business and international education programs*

There is authorized such sums as may be necessary for fiscal years 2006–11.

PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY

*Section 612. Minority foreign service professional development program*

The Secretary is authorized to award a grant to Historically Black Colleges or colleges that serve a substantial number of minority students, or an institution of higher education with programs in training Foreign Service professionals to establish an Institute for International Public Policy to increase the participation of underrepresented minorities in international service fields. Such programs shall reflect diverse perspectives and a wide range of views on world regions and international affairs, when applicable. The applicant must provide a 50 percent match of Federal funds although the Secretary has the right to waive that match requirement.

*Section 613. Institutional development*

The Institute shall award grants to minority-serving institutions to strengthen international affairs, international business, and foreign language study programs.

*Section 614. Study abroad program*

The Institute shall conduct a junior year abroad program.

*Section 615. Advanced degree in international relations*

The Institute shall provide a program of study that leads to master's degree and, in exceptional circumstances, a doctoral degree.

*Section 616. Internships*

The Institute shall work with eligible institutions of higher education to establish relevant internships for students in the international studies field.

*Section 617. Financial assistance*

The Institute may provide financial assistance in the form of summer stipends of up to $3,000 or Ralph Bunche scholarships of up to $5,000 per academic year.

*Section 618. Report*

The Institute shall submit a report biennially on the activities conducted until this title to the Secretary of Education and the Secretary of State.

*Section 619. Gifts and donations*

The biennial report shall include all gifts and donations received by the Institution.

*Section 620. Authorization of appropriations for the institute for international public policy*

There is authorized such sums as may be necessary for fiscal years 2006–11.

PART D—GENERAL PROVISIONS

*Section 622. Assessment and enforcement*

The Secretary is authorized to assess and ensure compliance with all the conditions and terms of grants provided under this title.

## TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

PART A—GRADUATE EDUCATION PROGRAMS

*Section 701. Purpose*

Section 701 identifies mathematics, science, engineering and other areas critical to the United States' national and homeland security needs as areas of focus for national graduate fellowship programs that are designed to sustain and enhance the capacity for graduate education.

*Section 702. Allocation of Jacob K. Javits fellowships*

Section 702 adds two considerations to the qualifications of Board members appointed by the Secretary. The Secretary will appoint members to represent the various geographic regions of the United States and include representatives from minority-serving institutions, as defined in section 365.

*Section 703. Stipends*

Section 703 clarifies that stipends provided under this section are to be of an amount equal to those provided through the National Science Foundation's "Graduate Research Fellowship Program."

*Section 704. Authorization of appropriations for the Jacob K. Javits fellowship program*

There is authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

*Section 705. Institutional eligibility under the graduate assistance in areas of national need program*

In designating areas of national need, the Secretary is required to consult with appropriate Federal and nonprofit agencies and organizations, including the National Science Foundation, the Department of Defense, the Department of Homeland Security, the National Academy of Sciences, and the Bureau of Labor Statistics. The Secretary must also take into consideration an assessment of current and future professional workforce needs of the United States, when making these designations.

*Section 706. Awards to graduate students*

This section requires that for individuals who receive their first stipend in academic year 2006–2007, the amount shall be set at an amount equal to that provided by the Graduate Research Fellowship Program administered by the National Science Foundation.

*Section 707. Additional assistance for cost of education*

The years used in determining payments amounts are updated from 1999–2000 to 2006–07, and from 1998–99 to 2005–06.

*Section 708. Authorization of appropriations for the graduate assistance in areas of national need program*

There is authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

*Section 709. Authorization of appropriations for the Thurgood Marshall legal educational opportunity program*

There is authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

PART B—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

*Section 710. Fund for the improvement of postsecondary education*

The provision regarding institutions and programs based on the technology of communication is expanded to include the establishment and continuation of institutions, programs, consortia, collaborations, and other joint efforts based on the technology of communications, including efforts that use distance education and technological advancements to educate and train postsecondary students, including health professionals serving medically underserved populations.

The provision regarding the introduction of reforms in graduate education is expanded to include reforms in remedial education, including English language instruction, to customize remedial courses to student goals and help students progress into core courses and complete programs, the creation of consortia that join diverse institutions of higher education for the purpose of integrating curricular and co-curricular interdisciplinary study, and support and assistance to programs implementing reforms to improve high school graduation and college attendance and completion rates for disadvantaged students.

*Section 711. Special projects*

Areas of national need are expanded to include improvements in academic instruction and student learning, including efforts designed to assess the learning gains made by postsecondary students. Areas of national need are expanded to include the development, evaluation, and dissemination of model programs including model core curricula that provide students with a broad and integrated knowledge base, include broad survey courses in English literature, American and world history, American political institutions, economics, philosophy, college-level mathematics and natural sciences, and sufficient study of a foreign language to lead to reading and writing competency in that language.

*Section 712. Authorization of appropriations for the fund for the improvement of postsecondary education*

There is authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

PART C—URBAN COMMUNITY SERVICE

*Section 713. Authorization of appropriations for the Urban Community Service Program*

Section 713 repeals the Urban Community Service Program.

PART D—DEMONSTRATION PROJECTS TO ENSURE STUDENTS WITH DISABILITIES RECEIVE A QUALITY HIGHER EDUCATION

*Section 714. Grants authorized for demonstration projects to ensure students with disabilities receive a quality higher education*

The teaching methods and strategies designed to teach students with disabilities must now teach and meet the academic and programmatic needs of students with disabilities in order to improve retention and completion of postsecondary education.

The authorized activities under these grants are expanded to include the development of innovative and effective teaching methods and strategies to ensure the successful transition of students with disabilities from secondary schools to postsecondary education.

The authorized activities under these grants are expanded to include, in synthesizing research and information related to the provision of postsecondary educational services to students with disabilities, the use of data on the postsecondary education of and impact on subsequent employment of students with disabilities. Such research, information and data will be made publicly available and accessible.

The authorized activities under these grants are expanded to include making postsecondary education more accessible to students with disabilities through: (1) innovative and effective teaching methods and strategies to provide faculty and administrators with the ability to provide accessible distance education programs or classes that would enhance access to higher education for students with disabilities, including the use of accessible curriculum and electronic communication for instruction and advisement; (2) training and support to secondary and postsecondary staff to encourage interest in and understanding of educational opportunities in, teaching skills, and offer work-based opportunities in disability-related fields, including students with disabilities. This training and support may include developing means to offer students credit-bearing, college-level coursework and career and educational counseling; and (3) curriculum development.

The Secretary will prepare and disseminate a report reviewing the demonstration projects and providing guidance and recommendations on how successful projects can be replicated.

*Section 715. Applications for demonstration projects to ensure students with disabilities receive a quality higher education*

Each application will now include a description of how the applicant plans to address the activities allowed under this part. Each application will now include a description of the extent to which

the institution will work to replicate the research and best practices of institutions of higher education with demonstrated success in serving students with disabilities.

*Section 716. Authorization of appropriations for the demonstration projects to ensure students with disabilities receive a quality higher education*

There is authorized to be appropriated such sums as may be necessary for fiscal years 2006–11.

## TITLE VIII—MISCELLANEOUS

The purpose of this title is to provide new programs to offer opportunities for increased success in higher education.

### PART A—MATHEMATICS AND SCIENCE SCHOLARS PROGRAM

*Section 811. Math and science scholars program*

The Secretary is authorized to award grants to States on a competitive basis to enable a State to award scholarships of up to $1,000 to students within that State who have completed a rigorous secondary school curriculum in mathematics or science. States are required to meet a 50 percent match of the Federal funds.

The students are eligible for the scholarships for their first 2 years of college, and governors may set a priority for awarding these scholarships to attract students who are underrepresented in mathematics, engineering and science fields, students in high-need school districts, or students who attend school districts that do not meet or exceed State mathematics and science standards or districts in regions in the State that have particular need.

### PART B—POSTSECONDARY EDUCATION ASSESSMENT

*Section 821. Postsecondary education assessment*

The Secretary is authorized to enter into a contract with an independent, bipartisan organization with specific expertise in public administration to complete an assessment of the cost factors associated with cost of tuition at institutions of higher education. The contract will begin not later than 90 days after the date of enactment of the Higher Education Amendments of 2005. The study shall consider the key elements that drive cost, identify and evaluate measures being used to control costs, identify other measures that should be utilized in the future and identify systemic approaches to monitor future postsecondary education cost trends and cost control mechanisms.

### PART C—JOB SKILL TRAINING IN HIGH-GROWTH OCCUPATIONS OR INDUSTRIES

*Section 831. Job skill training in high-growth occupations or industries*

The Secretary is authorized to award competitive grants for up to 5 years to partnerships of institutions of higher education and a local Workforce Investment Board to provide relevant job training in high growth industries or occupations, including entrepreneurial

efforts. The Secretary shall award grants to eligible partnerships to expand or create academic programs or programs to train individuals for high-growth occupations, to purchase equipment or create or expand distance programs that would facilitate those programs, and to outreach to students and businesses to promote involvement in such programs. Priority is given to institutions serving nontraditional students.

## PART D—GRANT PROGRAM TO INCREASE STUDENT RETENTION AND PROMOTE ARTICULATION AGREEMENTS

### *Section 841. Grant program to increase student retention and promote articulation agreements*

The Secretary is authorized to award competitive grants to institutions of higher education to improve the retention and degree completion of traditional and non-traditional students. Eligible institutions must have 40 percent of their enrolled students eligible for Federal financial aid, and must offer counseling and advisement, mentors, tutoring, and detailed financial aid counseling to student population identified in the application. There must also be outreach to current and prospective students who are eligible and services available to promote an effective transition from a 2-year to 4-year institution, or 4-year degree completion. Grantees must provide counseling and tutoring in native languages when the student population includes at least five percent of students speaking a specific language. Grantees may also provide childcare, transportation and other services that will assist students to successfully complete degrees.

## PART E—AMERICAN HISTORY FOR FREEDOM

### *Section 851. American history for freedom*

The Secretary is authorized to award 3-year competitive grants to eligible institutions of higher education to establish or strengthen postsecondary academic programs or centers that promote the teaching of traditional American history, free institutions and the history and achievements of Western civilization. Funds may be used to design and implement programs of study, courses, lecture series, seminars and symposia; develop, publish and disseminate instructional materials; conduct research; conduct teacher preparation initiatives; and support fellowships. Grantees must increase access to quality programming that expands knowledge of American History and involve personnel with strong expertise in traditional American history.

## PART F—TEACH FOR AMERICA

### *Section 861. Teach for America*

The Secretary is authorized to award a non-competitive grant to Teach for America to conduct outreach activities to undergraduate and graduate students to attract them to participate in the Teach for America program. The program attracts college graduates to teach for up to 2 years in underserved schools. Grant funds will be used for recruitment, pre-service training and professional development during their first 2 years of teaching under this program.

Teach for America shall submit an annual report and the Secretary shall conduct a study of the program outcomes.

PART G—PATSY T. MINK FELLOWSHIP PROGRAM

*Section 871. Patsy T. Mink Fellowship Program*

The Secretary shall award grants to eligible institutions of higher education to enable such institutions to make fellowship awards to assist highly qualified minorities and women to acquire the highest degree available in academic areas where such individuals are underrepresented in the professoriate. The Secretary shall consider the representation of women and minorities faculty members, the current and projected need for faculty and the need to prepare professors in areas of national need such as mathematics and science. In awarding grants, each institution shall award no less than 15 fellowships. Fellows shall sign an agreement to enter a contract to teach at an institution of higher education not later than 3 years after receiving the doctoral degree or highest possible degree available. Individuals who do not enter the professoriate shall repay the fellowship.

PART H. STUDY ON COLLEGE ENROLLMENT BY SECONDARY SCHOOLS

*Section 881. Study on college enrollment by secondary schools*

The Secretary shall contract with a not-for-profit organization with demonstrated expertise in increasing college enrollment rates in low-income communities nationwide to make available year-to-year college enrollment rate trends by secondary schools.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

*Section 901. Laurent Clerc National Deaf Education Center*

This section maintains the funding for quality education for deaf individuals at the Laurent Clerc Center. The elementary and secondary programs at the Center shall adopt and implement standards and assessments pursuant to section 1111(b) of the Elementary and Secondary Education Act and approved by the Secretary. Also in accordance with 1111(b) of ESEA, the University shall determine whether the Clerc programs are making adequate yearly progress and publicly report the findings.

*Section 902. Agreement with Gallaudet University*

This bill continues the agreement with Gallaudet University and updates the reference to the Davis-Bacon Act.

*Section 903. Agreement for the National Technical Institute for the Deaf*

This section names the Rochester Institute of Technology as a partner institution for this section and specifies that if the Secretary or Rochester Institute terminates the agreement the Secretary shall consider other proposals to establish and operate a National Technical Institution for the Deaf.

*Section 904. Cultural experiences grants*

This section authorizes the Secretary to award competitive grants or contracts with eligible entitles to enrich the lives of deaf and hard-of-hearing children and adults and promote the integration of hearing, deaf, and hard-of-hearing persons through shared cultural, educational, and social experiences.

*Section 905. Audit*

This section requires an annual independent audit for the National Technical Institute for the Deaf activities.

*Section 911. International students*

This section allows for the cost-free participation of international students in distance programs developed at Gallaudet University. For international students who attend the University from a non-developing country, there will be a 100 percent surcharge and for those from a developing country the surcharge will be 50 percent. The University has the right to reduce those surcharges based on an individual student's need.

PART B—UNITED STATES INSTITUTE OF PEACE ACT

*Section 921. United States Institute of Peace Act*

This section clarifies that a member of the Board of Directors for the Institute shall commence their term when confirmed by the Senate.

## TITLE X—RECONCILIATION

PART A—EDUCATION PROVISIONS

*Section 1001. Provisional Grant Assistance Program (ProGAP)*

Section 1001 authorizes and appropriates funds from fiscal year 2006 to fiscal year 2010 to provide approximately $6.0 billion in additional grant assistance to all Pell-eligible students (ProGAP) and $2.25 billion in new grant assistance to Pell-eligible students studying math, science, technology, engineering or certain foreign languages (described in next section). The Secretary shall ensure that grants under this program are awarded to students with the greatest need.

*Section 1002. National SMART grants*

Section 1002 authorizes use of up to $450 million per year of funding appropriated in section 1001 for the National Science and Mathematics Access to Retain Talent (SMART) grant program. SMART grants of up to $1,500 per student per academic year shall be awarded to Pell-eligible students in their third or fourth year at an institution of higher education majoring in math, science, technology, engineering, or a foreign language that is critical to the national security of the United States (as determined by the Secretary in consultation with the Director of National Intelligence). Institutions of higher education may match SMART grants or provide additional assistance with funds from private sources.

*Section 1003. Loan limits*

Section 1003 increases loan limits to $3,500 and $4,500 for first and second year students, with no increase in aggregate undergraduate borrowing limits. The section also increases the annual graduate unsubsidized borrowing by $2,000 annually, with a $2,000 increase in aggregate borrowing. The section makes graduate students eligible for PLUS loans.

*Section 1004. PLUS Loan interest rates and zero special allowance payment*

Section 1004 increases the fixed interest rate on PLUS loans (scheduled to go into effect July 1, 2006) from 7.9 percent to 8.5 percent. This section enacts a floor income for lenders (i.e., eliminates "windfall profits") by requiring that lenders rebate to the government the difference between the borrower rate and the lender yield rate when the borrower rate exceeds the lender yield rate.

*Section 1005. Reduction of lender insurance reimbursement rates*

Section 1005 reduces reimbursement rate lenders receive on defaulted loans to 97 percent (from 98 percent for all lenders and from 100 percent for lenders qualifying as exceptional performers).

*Section 1006. Guaranty agency origination fee*

Section 1006 requires guaranty agencies to deposit a one percent origination fee into the Federal Fund on all loans guaranteed. (Currently, guaranty agencies are only required to pay the fee if necessary to keep Federal Fund solvent.)

*Section 1007. Deferment of student loans for military service*

Section 1007 provides for up to 3-year deferment on payment of loans made through the FFEL, Direct Loan, or Perkins loan programs for individuals serving on active duty or performing qualified National Guard duty during a war, other military operation or terrorist-related national emergency. This section applies to loans for which the first disbursement was made on or after July 1, 2001.

*Section 1008. Rehabilitation through consolidation.*

Section 1008 requires that guaranty agencies establish procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans. This section limits the borrower collection costs a guaranty agency may charge to 18.5 percent on defaulted loans paid off through consolidation; requires that the guaranty agency remit to the Secretary a portion of this collection charge, equal to 8.5 percent of the outstanding principal and interest of the defaulted loan; and requires that, for each fiscal year beginning on or after October 1, 2009, if the proceeds of defaulted loans paid off through consolidation exceed 45 percent of the agency's total collections on defaulted loans in that fiscal year, the guaranty agency shall remit to the Secretary the entire amount charged.

*Section 1009. Single holder rule*

Section 1009 repeals the single holder rule, allowing students to consolidate with the lender of their choice.

*Section 1010. Default reduction program*

Section 1010 changes the requirement regarding payments which must be received by guaranty agency before selling a defaulted loan that is rehabilitated from 12 consecutive payments to 9 payments made within 20 days of the due date within 10 consecutive months. This section limits collection costs charged and retained by the guaranty agency to 18.5 percent of proceeds on sale of a defaulted loan that is rehabilitated.

*Section 1011. Requirements for disbursements of student loans*

Section 1011 extends the provisions that allow schools with low default rates to disburse loans in a single installment for any period of enrollment and have immediate access to title IV funds.

*Section 1012. Special insurance and reinsurance rules*

Section 1012 repeals the "exceptional performer" designation for lenders, servicers and guaranty agencies.

*Section 1013. School as lender moratorium*

Section 1013 allows only those schools that have previously made loans to do so in the future and adds requirements that school must hold the loans they make until the borrower enters a grace period and use the proceeds from loan sales for need-based grant aid that supplements and does not supplant other Federal, State, and institutional grant aid. This section specifies that such institutions shall not be foundations or alumni organizations.

*Section 1014. Permanent reduction of special allowance payments for loans from the proceeds of tax exempt issues*

Section 1014 makes permanent the provisions of Taxpayer-Teacher Protection Act of 2004 (TTPA) relating to loans receiving special allowance payments of 9.5 percent. (Remaining expiring provisions of TTPA, relating to loan forgiveness for teachers, made permanent by section 1020.)

*Section 1015. Loan fees from lenders*

Section 1015 increases the lender origination fee on new consolidation loans from 0.5 percent to 1.0 percent.

*Section 1016. Origination fee*

Section 1016 strikes the requirement that Secretary shall charge all borrowers a 4 percent origination fee. Instead, this section authorizes Secretary to charge student borrowers a fee between 1 percent and 3 percent and requires that the Secretary shall charge the borrower of a Federal Direct PLUS loan 4 percent. The section also reduces origination fees by one-half percent beginning July 1, 2007.

*Section 1017. Income contingent repayment for public sector employees*

Section 1017 provides that the Secretary shall forgive the balance of a Federal Direct Loan for any individual who has made 120 payments pursuant to income contingent repayment and who is employed, and was employed during the 10-year period during which the 120 payments were made, in a full-time job in emergency management, government, public safety, law enforcement,

public health, education (including early childhood education), or public interest legal services (including prosecution or public defense). This section provides that a borrower who is repaying a loan pursuant to income contingent repayment may choose, at any time, to return to payment under the standard repayment plan.

*Section 1018. Family contribution for dependent students*

Section 1018 increases the income protection allowance for dependent students to $3,000 and decreases the asset conversion rate for dependent students from 35 percent to 20 percent.

*Section 1019. Family contribution for independent students without dependents other than a spouse*

Section 1019 increases the income protection allowance by varying amounts for single and married students and decreases the asset conversion rate from 35 percent to 20 percent.

*Section 1020. Family contribution for independent students with dependents other than a spouse*

Section 1020 decreases the asset conversion rate from 12 percent to 7 percent.

*Section 1021. Simplified need test and automatic zero improvements*

Section 1021 increases the income level at which the Secretary automatically considers an applicant to have expected family contribution of zero to $20,000.

*Section 1022. Loan forgiveness for teachers*

Section 1022 makes permanent the provisions in the Taxpayer-Teacher Protection Act of 2004 relating to loan forgiveness for math, science and special education teachers, providing up to $17,500 of loan forgiveness for eligible borrowers.

PART B—HURRICANE KATRINA HIGHER EDUCATION RECOVERY

*Section 1051. Short title*

This part may be cited as the Hurricane Katrina Higher Education Recovery Act.

*Section 1052. Definitions*

Section 1052 defines affected borrowers as individuals who were in repayment, but not in deferment, on August 22, or who entered repayment after August 22, 2005 and before June 30, 2006, who lived in a county or parish of Alabama, Louisiana or Mississippi in which a major disaster was declared. The section defines an affected institution as an institution located in an area declared a major disaster area due to Hurricane Katrina. The section also defines an affected student as a student enrolled on August 29, 2005 in an affected institution. Identifies technologies used in distance education.

*Section 1053. Waiver authority and modifications to certain provisions of the Higher Education Act of 1965*

Section 1053 waives the requirement that students and institutions return a portion of Federal student financial aid funds re-

ceived when students withdraw before completing at least 60 percent of their period of enrollment or payment period for students and institutions affected by Hurricane Katrina. Stafford loans, PLUS loans and Perkins Loans disbursements to affected students are cancelled. The section provides for students who do not enroll in another institution and borrowers in repayment to be retained in in-school or grace period status, respectively until June 30, 2006. The section also authorizes the Secretary to modify Teacher Quality Enhancement, TRIO, GEAR UP, title III and other grants upon the request of an affected institution or other grantee located in an area affected by Hurricane Katrina.

*Section 1054. General waiver authority and required consultation*

Section 1054 provides general authority to the Secretary of Education to waive or modify statutory any provision of the Higher Education Act the Secretary deems necessary to address due to the effects of Hurricane Katrina, after consulting with the authorizing committees.

*Section 1055. Notice of waivers, modifications, or extensions*

Section 1055 requires the Secretary to make the waivers, modifications or extensions granted publicly available.

*Section 1056. Regulatory requirements inapplicable*

Section 1056 specifies that certain provision under the General Education Provisions Act do not apply.

*Sec. 1057. Department of Education Inspector General audit and report*

Section 1057 requires the Department of Education Inspector General to conduct an audit and investigation of each program carried out that includes response and recovery activities related to Hurricane Katrina and requires a weekly listing of audits and investigations to be provided to authorizing committees.

*Sec. 1058. Sunset provision*

The provisions related to Hurricane Katrina recovery expire September 30, 2006.

## IX. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## HIGHER EDUCATION ACT OF 1965

* * * * * * *

## PART I—GENERAL HIGHER EDUCATION PROGRAMS

*Higher Education Act of 1965*

(P.L. 89–329)

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".*

# TITLE I—GENERAL PROVISIONS

## PART A—DEFINITIONS

### SEC. 101. GENERAL DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

(a) INSTITUTION OF HIGHER EDUCATION.—For purposes of this Act, other than title IV, the term "institution of higher education" means an educational institution in any State that—

(1) * * *

* * * * * * *

(3) provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree *or awards a degree that is acceptable for admission to a graduate or professional degree program, subject to the review and approval by the Secretary.*

* * * * * * *

(b) ADDITIONAL INSTITUTIONS INCLUDED.—For purposes of this Act, other than title IV, the term "institution of higher education" also includes—

(1) * * *

[(2) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.]

*(2) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1), admits as regular students persons—*

*(A) who meet the requirements of section 484(d)(3);*

*(B) who are beyond the age of compulsory school attendance in the State in which the institution is located; or*

*(C) who are dually or concurrently enrolled in such institution and a secondary school.*

* * * * * * *

### SEC. 102. DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.

(a) DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.—

(1) INCLUSION OF ADDITIONAL INSTITUTIONS.— * * *

* * * * * * *

(2) INSTITUTIONS OUTSIDE THE UNITED STATES.—

(A) IN GENERAL.— * * *

[(i) in the case of a graduate medical school located outside the United States—

[(I)(aa) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

[(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

[(II) the institution has clinical training program that was approved by a State as of January 1, 1992; or]

*(i) in the case of a graduate medical school located outside the United States—*

*(I) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were no persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and*

*(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year of which a student is seeking a loan under part B of title IV; or*

* * * * * * *

[(3) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

[(A) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act;

[(B) enrolls 50 percent or more of the institution's students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for

which the institution awards an associate or baccalaureate degree, respectively;

[(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary diploma, respectively; or

[(D) has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree or an associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.]

*(3) LIMITATIONS BASED ON ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—*

*(A) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary diploma, respectively; or*

*(B) has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree or an associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.*

*(4) LIMITATIONS BASED ON MODE OF DELIVERY.—*

*(A) IN GENERAL.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—*

*(i) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998; or*

*(ii) enrolls 50 percent or more of the institution's students in correspondence courses, unless the institution is an institution that meets the definition in such section 3(3)(C), except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively.*

*(B) DISTANCE EDUCATION PROGRAM ELIGIBILITY.—Notwithstanding subparagraph (A), an institution of higher education, other than a foreign institution, that offers education or training programs principally through distance education shall be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—*

*(i) has been evaluated and determined (before or after the date of enactment of the Higher Education Amendments of 2005) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—*

*(I) is recognized by the Secretary under title IV; and*

*(II) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3);*

*(ii) is otherwise eligible to participate in programs authorized under title IV;*

*(iii) has not had its participation in programs under title IV suspended or terminated within the previous 5 years;*

*(iv) has not had, or failed to resolve, an audit finding or program review finding under this Act during the 2 years preceding the year for which the determination is made that, following any appeal to the Secretary, resulted in the institution being required to repay an amount that is equal to or greater than 25 percent of the total funds the institution received under the programs authorized under title IV for the most recent award year; and*

*(v) has met the requirements of section 487(d), if applicable.*

*(C) DEFINITION.—*

*(i) IN GENERAL.—In this Act, except as otherwise provided, the term "distance education" means a course or program that uses 1 or more of the technologies described in clause (ii) to—*

*(I) deliver instruction to students who are separated from the instructor; and*

*(II) support regular and substantive interaction between the students and the instructor, either synchronously or asynchronously.*

*(ii) INCLUSIONS.—For the purposes of clause (i), the technologies used may include—*

*(I) the Internet;*

*(II) one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;*

*(III) audio conferencing; or*

*(IV) video cassette, DVDs, and CD–ROMs, provided that they are used in a course in conjunction with the technologies listed in subclauses (I) through (III).*

**[**(4)**]** *(5)* LIMITATIONS BASED ON MANAGEMENT.— * * *

* * * * * * *

**[**(5)**]** *(6)* CERTIFICATION.—The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part H of title IV.

**[**(6)**]** *(7)* LOSS OF ELIGIBILITY.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—

(1) PRINCIPAL CRITERIA.—For the purpose of this section, the term "proprietary institution of higher education" means a school that—

(A) * * *

* * * * * * *

(D) is accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part H of title IV; *and*

(E) has been in existence for at least 2 years **[**; and**]**.

**[**(F) has at least 10 percent of the school's revenues from sources that are not derived from funds provided under title IV, as determined in accordance with regulations prescribed by the Secretary.

**[**(2) ADDITIONAL INSTITUTIONS.—The term "proprietary institution of higher education" also includes a proprietary educational institution in any State that, in lieu of the requirement in paragraph (1) of section 101(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.**]**

* * * * * * *

**SEC. 103. ADDITIONAL DEFINITIONS.**

In this Act:

*(1) AUTHORIZING COMMITTEES.—The term "authorizing committees" means the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives.*

**[**(1)**]***(2)* COMBINATION OF INSTITUTIONS OF HIGHER EDUCATION.— * * *

**[**(2)**]***(3)* DEPARTMENT.— * * *

[(3)]*(4)* DISABILITY.— * * *
[(4)]*(5)* ELEMENTARY SCHOOL.— * * *
[(5)]*(6)* GIFTED AND TALENTED.— * * *
[(6)]*(7)* LOCAL EDUCATIONAL AGENCY.— * * *
[(7)]*(8)* NEW BORROWER.— * * *
[(8)]*(9)* NONPROFIT.— * * *
[(9)]*(10)* SCHOOL OR DEPARTMENT OR DIVINITY.— * * *

* * * * * * *

[(10)]*(11)* SECONDARY SCHOOL.— * * *
[(11)]*(12)* SECRETARY.— * * *
[(12)]*(13)* SERVICE-LEARNING.— * * *
[(13)]*(14)* SPECIAL EDUCATION TEACHER.— * * *
[(14)]*(15)* STATE EDUCATIONAL AGENCY.— * * *
[(15)]*(16)* STATE HIGHER EDUCATION AGENCY.— * * *
[(16)]*(17)* STATE; FREELY ASSOCIATED STATES.— * * *

* * * * * * *

**SEC. 112. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.**

(a) PROTECTION OF RIGHTS.—*(1)* It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under this Act, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.

*(2) It is the sense of Congress that—*

*(A) the diversity of institutions and educational missions is one of the key strengths of American higher education;*

*(B) individual colleges and universities have different missions and each institution should design its academic program in accordance with its educational goals;*

*(C) within the context of institutional mission, a college should facilitate the free and open exchange of ideas;*

*(D) students should not be intimated, harassed, discouraged from speaking out, or discriminated against;*

*(E) students should be treated equally and fairly; and*

*(F) nothing in this paragraph shall be construed to modify, change, or infringe upon any constitutionally protected religious liberty, freedom, expression, or association.*

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education*, provided that the imposition of such sanction is done objectively and fairly*; or

* * * * * * *

**SEC. 114. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.**

(a) ESTABLISHMENT.— * * *

* * * * * * *

(g) TERMINATION.—The Committee shall cease to exist on [September 30, 2004] *September 30, 2011.*

* * * * * * *

**SEC. 120. DRUG AND ALCOHOL ABUSE PREVENTION.**

(e) RESTRICTION ON ELIGIBILITY.—* * *

* * * * * * *

[(e) ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.—

[(1) PROGRAM AUTHORITY.—The Secretary may make grants to institutions of higher education or consortia of such institutions, and enter into contracts with such institutions, consortia, and other organizations, to develop, implement, operate, improve, and disseminate programs of prevention, and education (including treatment-referral) to reduce and eliminate the illegal use of drugs and alcohol and the violence associated with such use. Such grants or contracts may also be used for the support of a higher education center for alcohol and drug abuse prevention that will provide training, technical assistance, evaluation, dissemination, and associated services and assistance to the higher education community as determined by the Secretary and institutions of high education.

[(2) AWARDS.—Grants and contracts shall be awarded under paragraph (1) on a competitive basis.

[(3) APPLICATIONS.—An institution of higher education, a consortium of such institutions, or another organization that desires to receive a grant or contract under paragraph (1) shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require by regulation.

[(4) ADDITIONAL REQUIREMENTS.—

[(A) PARTICIPATION.—In awarding grants and contracts under this subsection the Secretary shall make every effort to ensure—

[(i) the equitable participation of private and public institutions of higher education (including community and junior colleges); and

[(ii) the equitable geographic participation of such institutions.

[(B) CONSIDERATION.—In awarding grants and contracts under this subsection the Secretary shall give appropriate consideration to institutions of higher education with limited enrollment.

[(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

[(f) NATIONAL RECOGNITION AWARDS.—

[(1) PURPOSE.—It is the purpose of this subsection to provide models of innovative and effective alcohol and drug abuse prevention programs in higher education and to focus national attention on exemplary alcohol and drug abuse prevention efforts.

[(2) AWARDS.—

[(A) IN GENERAL.—The Secretary shall make 5 National Recognition Awards for outstanding alcohol prevention

programs and 5 National Recognition Awards for outstanding drug abuse prevention programs, on an annual basis, to institutions of higher education that—

[(i) have developed and implemented innovative and effective alcohol prevention programs or drug abuse prevention programs; and

[(ii) with respect to an application for an alcohol prevention program award, demonstrate in the application submitted under paragraph (3) that the institution has undertaken efforts designed to change the culture of college drinking consistent with the review criteria described in paragraph (3)(C)(iii).

[(B) CEREMONY.—The awards shall be made at a ceremony in Washington, D.C.

[(C) DOCUMENT.—The Secretary shall publish a document describing the alcohol and drug abuse prevention programs of institutions of higher education that receive the awards under this subsection and disseminate the document nationally to all public and private secondary school guidance counselors for use by secondary school juniors and seniors preparing to enter an institution of high education. The document shall be disseminated not later than January 1 of each academic year.

[(D) AMOUNT AND USE.—Each institution of higher education selected to receive an award under this subsection shall receive in award in the amount of $50,000. Such award shall be used for the maintenance and improvement of the institution's outstanding prevention program for the academic year following the academic year for which the award is made.

[(3) APPLICATION.—

[(A) IN GENERAL.—Each institution of higher education desiring an award under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—

[(i) a clear description of the goals and objectives of the prevention program of the institution;

[(ii) a description of program activities that focus on alcohol or drug policy issues, policy development, modification, or refinement, policy dissemination and implementation, and policy enforcement;

[(iii) a description of activities that encourage student and employee participation and involvement in activity development and implementation;

[(iv) the objective criteria used to determine the effectiveness of the methods used in such programs and the means used to evaluate and improve the programs' efforts;

[(v) a description of special initiatives used to reduce high-risk behavior or increase low-risk behavior; and

[(vi) a description of coordination and networking efforts that exist in the community in which the institution is located for purposes of such programs.

[(B) APPLICATION REVIEW.—The Secretary shall appoint a committee to review applications submitted under this paragraph. The committee may include representatives of Federal departments or agencies the programs of which include alcohol abuse prevention and education efforts and drug abuse prevention and education efforts, directors or heads (or their representatives) of progressional associations that focus on alcohol and drug abuse prevention efforts, and non-Federal scientists who have backgrounds in social science evaluation and research methodology and in education. Decisions of the committee shall be made directly to the Secretary without review by any other entity in the Department.

[(C) REVIEW CRITERIA.—The committee described in subparagraph (B) shall develop specific review criteria for reviewing and evaluating applications submitted under this paragraph. The view criteria shall include—

[(i) measures of the effectiveness of the program of the institution, that includes changes in the campus alcohol or other drug environment or the climate and changes in alcohol or other drug use before and after the initiation of the program;

[(ii) measures of program institutionalization, including—

[(I) an assessment of needs of the institution;

[(II) the institution's alcohol and drug policies, staff and faculty development activities, drug prevention criteria, student, faculty, and campus community involvement; and

[(III) whether the program will be continued after the cessation of Federal funding; and

[(iii) with respect to an application for an alcohol prevention program award, criteria for determining whether the institution has policies in effect that—

[(I) prohibit alcoholic beverage sponsorship of athletic events, and prohibit alcoholic beverage advertising inside athletic facilities;

[(II) prohibit alcoholic beverage marketing on campus, which may include efforts to ban alcohol advertising in institutional publications or efforts to prohibit alcohol-related advertisements at campus events;

[(III) establish or expand upon alcohol-free living arrangements for all college students;

[(IV) establish partnerships with community members and organizations to further alcohol prevention efforts on campus and the areas surrounding campus; and

[(V) establish innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

[(4) ELIGIBILITY.—In order to be eligible to receive a National Recognition Award an institution of higher education shall—

[(A) offer an associate or baccalaureate degree;

[(B) have established an alcohol abuse prevention and education program or a drug abuse prevention and education program;

[(C) nominate itself or be nominated by others, such as professional associations or student organizations, to receive the award; and

[(D) not have received an award under this subsection during the 5 academic years preceding the academic year for which the determination is made.

[(5) AUTHORIZATION OF APPROPRIATIONS.—

[(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $750,000 for fiscal year 1999.

[(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available until expended.]

*(e) GRANTS DIRECTED AT REDUCING HIGHER EDUCATION DRUG AND ALCOHOL ABUSE.—*

*(1) AUTHORIZATION OF PROGRAM.—The Secretary may award grants to eligible entities to enable the entities to reduce the rate of drug use, underage alcohol use, and binge drinking among students at institutions of higher education.*

*(2) APPLICATIONS.—An eligible entity that desires to receive a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall include—*

*(A) a description of how the eligible entity will work to enhance an existing, or where none exists to build a, statewide coalition;*

*(B) a description of how the eligible entity will target underage students in the State;*

*(C) a description of how the eligible entity intends to ensure that the statewide coalition is actually implementing the purpose described in paragraph (1) and moving toward the achievement indicators described in paragraph (4);*

*(D) a list of the members of the statewide coalition or interested parties involved in the work of the eligibility entity;*

*(E) a description of how the eligible entity intends to work with State agencies on substance abuse prevention and education;*

*(F) the anticipated impact of funds provided under this subsection in reducing the rates of drug abuse and underage alcohol use;*

*(G) outreach strategies, including ways in which the eligible entity proposes to—*

*(i) reach out to students;*

*(ii) promote the purpose described in paragraph (1);*

*(iii) address the range of needs of the students and the surrounding communities; and*

*(iv) address community norms for underage students regarding drug and alcohol use; and*

*(H) such additional information as required by the Secretary.*

*(3) USES OF FUNDS.—Each eligible entity that receives a grant under this subsection shall use the grant funds to carry*

*out the activities described in such entity's application submitted pursuant to paragraph (2).*

*(4) ACCOUNTABILITY.—On the date on which the Secretary first publishes a notice in the Federal Register soliciting applications for grants under this subsection, the Secretary shall include in the notice achievement indicators for the program authorized under this subsection. The achievement indicators shall be designed—*

*(A) to measure the impact that the statewide coalitions assisted under this subsection are having on the institutions of higher education and the surrounding communities, including changes in the number of alcohol and drug-related abuse incidents of any kind (including violations, physical assaults, sexual assaults, reports of intimidation, disruptions of school functions, disruptions of student studies, mental health referrals, illnesses, or deaths);*

*(B) to measure the quality and accessibility of the programs or information offered by the statewide coalitions; and*

*(C) to provide such other measures of program impact as the Secretary determines appropriate.*

*(5) SUPPLEMENT NOT SUPPLANT.—Grant funds provided under this subsection shall be used to supplement, and not supplant, Federal and non-Federal funds available for carrying out the activities described in this subsection.*

*(6) DEFINITIONS.—In this subsection:*

*(A) ELIGIBLE ENTITY.—The term "eligible entity" means a State, an institution of higher education as defined in section 102, or a non-profit entity.*

*(B) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 101(a).*

*(C) STATE.—The term "State" means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.*

*(D) STATEWIDE COALITION.—The term "statewide coalition" means a coalition that—*

*(i) includes—*

*(I) institutions of higher education within a State; and*

*(II) a nonprofit group, a community anti-drug or underage drinking prevention coalition, or another substance abuse prevention group within a State; and*

*(ii) works toward lowering alcohol abuse rates by targeting underage students at institutions of higher education throughout the State and in the surrounding communities.*

*(E) SURROUNDING COMMUNITY.—The term "surrounding community" means the community—*

*(i) that surrounds an institution of higher education participating in a statewide coalition;*

*(ii) where the students from the institution of higher education take part in the community; and*

*(iii) where students from the institution of higher education live in off-campus housing.*

*(7) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of a grant awarded under this subsection may be expended for administrative expenses.*

*(8) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 121. PRIOR RIGHTS AND OBLIGATIONS.**

**(a)** AUTHORIZATION OF APPROPRIATIONS—

(1)PRE-1987 PARTS C AND D OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year [1999] *2006* and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1967 under parts C and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992.

(2) POST-1992 AND PRE-1996 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year [1999] *2006* and for each of the 4 succeeding fiscal years to pay obligations incurred prior to the date of enactment of the Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

(A) after the effective date of the Higher Education Amendments of 1992; and

(B) prior to the date of enactment of the Higher Education Amendments of 1998.

* * * * * * *

## PART C—COST OF HIGHER EDUCATION

**SEC. 131. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.**

(a) IMPROVED DATA COLLECTION.—

(1) DEVELOPMENT OF UNIFORM METHODOLOGIST.— * * *

* * * * * * *

(3) INFORMATION TO INSTITUTIONS.—The Commissioner of Education Statistics shall—

(A) develop a standard definition for the following data elements:

(i) * * *

* * * * * * *

(B) not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, report the definitions to each institution of higher education and within a reasonable period of time thereafter inform the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* of those definitions; and

* * * * * * *

[(b) DATA DISSEMINATION.—The Secretary shall make available the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on the costs for typical full-time undergraduate students.]

*(b) COLLEGE CONSUMER INFORMATION.—*

*(1) IN GENERAL.—The Secretary shall make available to the public the information described in paragraph (2), in a form that enables the public to compare the information among institutions of higher education. Such information shall be made available for each of the categories described in paragraph (3) and updated annually.*

*(2) INFORMATION.—The information described in this paragraph is the following:*

*(A) Tuition and fees for a first-time, full-time undergraduate student.*

*(B) Cost of attendance for a first-time, full-time undergraduate student.*

*(C) The average annual cost of attendance for a first-time, full-time undergraduate student for the preceding periods of 5 and 10 academic years preceding the year for which the information is made available under this subsection, or if data are not available for such academic years, data for as many of such academic years as are available.*

*(D) The percentage of full-time undergraduate students receiving financial assistance, including—*

*(i) Federal grants;*

*(ii) State and local grants;*

*(iii) institutional grants; and*

*(iv) loans to students.*

*(E) The average amount of financial aid received by students from sources described in clause (i) through (iv) of subparagraph (D).*

*(F) Graduation rates, as described in section 485(a)(1)(L).*

*(G) A ranking of the dollar and percentage increases in tuition and fees for all institutions of higher education for which data are available in each of the categories described in paragraph (3).*

*(3) CATEGORIES.—The categories described in this paragraph are as follows:*

*(A) All institutions of higher education.*

*(B) 4-year public, degree-granting, institutions of higher education.*

*(C) 2-year public, degree-granting, institutions of higher education.*

*(D) 4-year, nonprofit, private, degree-granting institutions of higher education.*

*(E) 2-year, nonprofit, private, degree-granting institutions of higher education.*

*(F) 4-year, for profit, private, degree-granting institutions of higher education.*

*(G) 2-year, for profit, private, degree-granting institutions of higher education.*

*(H) Less than 2-year, for-profit, private institutions of higher education.*

*(4) STANDARD DEFINITIONS.—In carrying out this section, the Secretary shall use the standard definitions developed under subsection (a)(3).*

(c) STUDY.—

(1) IN GENERAL.—The Commissioner of Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall *be conducted on an annual basis and* include information with respect to—

* * * * * * *

(2) EVALUATION.—The study shall include an evaluation of—

(A) * * *

(B) the relationship of the expenditures identified in paragraph (1) to college costs; [and]

(C) the extent to which increases in institutional financial aid and tuition discounting practices affect tuition increases, including the demographics of students receiving such discounts, the extent to which financial aid is provided to students with limited need in order to attract a student to a particular institution, and the extent to which Federal financial aid, including loan aid, has been used to offset the costs of such practices[.]*;*

*(D) the average cost of attending an institution of higher education, disaggregated by category, as described in subsection (b)(3);*

*(E) the average annual cost of attending an institution of higher education for the periods of 5 and 10 academic years preceding the year for which the study is conducted (or if data are not available for such academic years, data for as many of such academic years as are available), disaggregated by category, as described in subsection (b)(3); and*

*(F) the assistance provided to institutions of higher education by each State.*

(3) [FINAL] *ANNUAL* REPORT.—The Commissioner of Education Statistics shall submit [a report] *an annual report* regarding the findings of the study required by paragraph (1) to the appropriate committees of Congress [not later than September 30, 2002] *and the public*.

[(4) HIGHER EDUCATION MARKET BASKET.—The Bureau of Labor Statistics, in consultation with the Commissioner of Education Statistics, shall develop a higher education market basket that identifies the items that comprise the costs of higher education. The Bureau of Labor Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.]

*(4) HIGHER EDUCATION COST INDEX.—The Bureau of Labor Statistics, in consultation with the Commissioner of Education Statistics, shall develop a higher education cost index that*

*tracks inflation changes in the relevant costs associated with higher education.*

* * * * * * *

## PART D—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

### SEC. 141. PERFORMANCE-BASED ORGANIZATIONS FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

(a) ESTABLISHMENT AND PURPOSE.—

(1) ESTABLISHMENT.—There is established in the Department a Performance-Based Organization (hereafter referred to as the "PBO") which shall be a discrete management unit responsible for managing the [operational] *administrative and oversight* functions supporting the program authorized under title IV of this Act, as specified in subsection (b).

(2) PURPOSES.—The purposes of the PBO are—

(A) to improve service to students and other participants in the student financial assistance programs authorized under title IV, including making those programs more understandable to students and their parents;

(B) * * *

(C) * * *

(D) to provide greater flexibility in the management [of the operational functions] *and adminstration* of the Federal students financial assistance programs;

* * * * * * *

(b) GENERAL AUTHORITY.—

(1) AUTHORITY OF SECRETARY.—* * *

(A) request the advice of, and work in cooperation with, the Chief Operating Officer in developing regulations, policies, administrative guidance, or procedures affecting [the information systems administered by the PBO, and other functions performed by the PBO] *the Federal student financial assistance programs authorized under title IV*;

(B) * * *

[(C) assist the Chief Operating Officer in identifying goals for the administration and modernization of the delivery system for student financial assistance under title IV.]

*(C) assist the Chief Operating Officer in identifying goals for—*

*(i) the administration of the systems used to administered the Federal student financial assistance programs authorized under title IV; and*

*(ii) the updating of such systems to current technology.*

(2) PBO FUNCTIONS.—Subject to paragraph (1), the PBO shall be responsible for [administration of the information and financial systems that support] *the administration of Federal* student financial assistance programs authorized under this title, excluding the development of policy relating to such programs but including the following:

(A) The administrative, accounting and financial management functions [of the delivery system for Federal stu-

dent assistance] *for the Federal student assistance programs authorized under title IV*, including—

[(i) the collection, processing and transmission of applicant data to students, institutions and authorized third parties, as provided for in section 483;

[(ii) design and technical specifications for software development and systems supporting the delivery of student financial assistance under title IV:]

*(i) the collection, processing, and transmission of data to students, institutions, lenders, State agencies and other authorized parties;*

*(ii) the design and technical specifications for software development and procurement for systems supporting the student financial assistance programs authorized under title IV;*

(iii) all software and hardware acquisitions and all information technology contracts related to the [delivery] *administration* and management of student financial assistance under title IV;

(iv) all aspects of contracting for the information and financial systems supporting *the* student financial assistance programs under this title; [and]

(v) providing all customer service, training, and user support related to [systems that support those programs.] *the administration of the Federal student assistance programs authorized under title IV; and*

*(vi) ensuring the integrity of the student assistance programs authorized under title IV.*

(B) Annual development of a budget for the [operations and services] *activities and functions* of the PBO, in consultation with the Secretary, and for consideration and inclusion in the Department's annual budget submission.

* * * * * * *

(c) PERFORMANCE PLAN AND REPORT.—

(1) PERFORMANCE PLAN

(A) IN GENERAL.— * * *

(B) * * *

(C) * * *

(i) * * *

(ii) * * *

(iii) IMPROVEMENT AND INTEGRATION OF SUPPORT SYSTEMS.—Improving and integrating the [information and delivery] systems that support those programs.

(iv) DELIVERY AND INFORMATION SYSTEM.—[Developing an] *Developing* open, common, and integrated [delivery and information system] *systems* for programs authorized under this title.

(v) * * *

(2) ANNUAL REPORT.— * * *

(A) An independent financial audit of the expenditures of both the PBO and *the* programs administered by the PBO.

(B) Financial and performance requirements applicable to the PBO under the Chief Financial [Officer] *Officers*

Act of 1990 and the Government Performance and Results Act of 1993.

* * * * * * *

(3) CONSULTATION WITH STAKEHOLDERS.—The Chief Operating Officer, in preparing the report described in paragraph (2), shall establish appropriate means to consult with *students,* borrowers, institutions, lenders, guaranty agencies, secondary markets, and others involved in the delivery system of student aid under this title—

* * * * * * *

(d) CHIEF OPERATING OFFICER.—

(1) APPOINTMENT.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a term of not less than 3 and not more than 5 years, and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code. [The Secretary shall appoint the Chief Operating Officer within 6 months after the date of enactment of the Higher Education Amendments of 1998.] The appointment shall be made on the basis of demonstrated management ability and expertise in information technology, including experience with financial systems, and without regard to political affiliation or activity.

* * * * * * *

(4) PERFORMANCE AGREEMENT.—

(A) IN GENERAL.— * * *

(B) TRANSMITTAL.—The final agreement, and any revision to the final agreement, shall be transmitted to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees*, and made publicly available.

(5) COMPENSATION.—

(A) IN GENERAL.— * * *

(B) BONUS.—In addition, the Chief Operating Officer may receive a bonus in an amount that does not exceed 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the goals set forth in the performance agreement described in [paragraph (2)] *paragraph (4)*.

(C) PAYMENT.—Payment of a bonus under [this] subparagraph (B) may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

(e) SENIOR MANAGEMENT.—

* * * * * * *

(f) STUDENT LOAN OMBUDSMAN.—

(1) APPOINTMENT.— * * *

(2) PUBLIC INFORMATION.—The Chief Operating Officer shall disseminate information about the availability and functions of

the Ombudsman [to borrowers] *to students, borrowers,* and potential borrowers, as well as institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in those student loan programs.

(3) FUNCTIONS OF OMBUDSMAN.—The Ombudsman shall—

(A) in accordance with regulations of the Secretary, receive, review, and attempt to resolve informally complaints from borrowers of loans described in paragraph (1), including, as appropriate, attempts to resolve such complaints within the Department of Education and with institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in the loan programs described in paragraph [(1)(A)] *(1)*; and

* * * * * * *

(g) PERSONNEL FLEXIBILITY.—

(1) PERSONNEL CEILINGS.— * * *

(2) * * *

(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, [not more than 25] technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(h) ESTABLISHMENT OF A FAIR AND EQUITABLE SYSTEM FOR MEASURING STAFF PERFORMANCE.—The PBO shall establish an annual performance management system, subject to compliance with title 5, United States Code and consistent with applicable provisions of law and regulations, which strengthens the [organizational effectiveness] *effectiveness* of the PBO by providing for establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the performance plan of the PBO and its performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees.

[(i) REPORT.—The Secretary and the Chief Operating Officer, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, shall report to Congress on the proposed budget and sources of funding for the operation of the PBO.]

[(j)]*(i)* AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall allocate from funds made available under section 458 such funds as are appropriate to the functions assumed by the PBO. In addition, there are authorized to be appropriated such sums as may be necessary to carry out the purposes of this part[, including transition costs].

* * * * * * *

**SEC. 142. PROCUREMENT FLEXIBILITY.**

(a) PROCUREMENT AUTHORITY.— * * *

(b) IN GENERAL.—Except as provided in this section, the PBO shall abide by all applicable Federal procurement laws and regulations when procuring property and services. The PBO shall—

(1) enter into contracts [for information systems supporting the programs authorized under title IV] to carry out the functions set forth in section 141(b)(2); [and]

(2) obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and set pay in accordance with such section[.]*; and*

*(3) through the Chief Operating Officer—*

*(A) to the maximum extent practicable, utilize procurement systems that streamline operations, improve internal controls, and enhance management; and*

*(B) assess the efficiency of such systems and assess such systems' ability to meet PBO requirements.*

(c) SERVICE CONTRACTS.—

(1) PERFORMANCE-BASED SERVICING CONTRACTS.— * * *

[(2) FEE FOR SERVICE ARRANGEMENTS.—The Chief Operating Officer shall, when appropriate and consistent with the purposes of the PBO, acquire services related to the title IV delivery system from my entity that has the capability and capacity to meet the requirements for the system. The Chief Operating Officer is authorized to pay fees that are equivalent to those paid by other entities to an organization that provides an information system or service that meets the requirements of the PBO, as determined by the Chief Operating Officer.]

*(2) FEE FOR SERVICE ARRANGEMENTS.—The Chief Operating Officer shall, when appropriate and consistent with the purposes of the PBO, acquire services related to the functions set forth in section 141(b)(2) from any entity that has the capability and capacity to meet the requirements set by the PBO. The Chief Operating Officer is authorized to pay fees that are equivalent to those paid by other entities to an organization that provides services that meet the requirements of the PBO, as determined by the Chief Operating Officer.*

(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

(A) PUBLICATION OF NOTICE.— * * *

* * * * * * *

(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror [on Federal Government contracts], together with any additional information that is requested by the contracting officer.

* * * * * * *

(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL ITEMS.— * * *

* * * * * * *

(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NONCOMMERCIAL ITEMS.—

* * * * * * *

(g) MODULAR CONTRACTING.—

(1) IN GENERAL.— * * *

(4) PROCEDURES.— * * *

(A) [SOLE SOURCE.—]*SINGLE-SOURCE BASIS.*—Award of the contract on a [sole-source] *single-source* module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

* * * * * * *

(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a [sole-source] *single-source* basis.

(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL ITEMS.—

(1) AUTHORITY.— * * *

* * * * * * *

(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

(A) an award of a contract on a [sole-source] *single-source* basis; or

* * * * * * *

(i) GUIDANCE FOR USE OF AUTHORITY.— * * *

* * * * * * *

(l) DEFINITIONS.—In this section:

(1) COMMERCIAL ITEM.— * * *

* * * * * * *

[(3) SOLE-SOURCE BASIS.—The term "sole-source", with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.]

*(3) SINGLE-SOURCE BASIS.—The term "single-source basis", with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only such source (although such source is not the only source in the marketplace capable of meeting the need) because such source is the most advantageous source for purposes of the award.*

* * * * * * *

# TITLE II—TEACHER QUALITY ENHANCEMENT

## PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

**[SEC. 201. [20 U.S.C. 1021] PURPOSES; DEFINITIONS.**

[(a) PURPOSES.—The purposes of this part are to—

[(1) improve student achievement;

[(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities;

[(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, such as mathematics, science, English, foreign languages, history, economics, art, civics, government, and geography, including training in the effective uses of technology in the classroom; and

[(4) recruit highly qualified individuals, including individuals from other occupations, into the teaching force.

[(b) DEFINITIONS.—In this part;

[(1) ARTS AND SCIENCES.—The term "arts and sciences" means—

[(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers 1 or more academic majors in disciplines or content areas corresponding to the academic subject matter areas in which teachers provide instruction; and

[(B) when referring to a specific academic subject matter area, the disciplines or content areas in which academic majors are offered by the arts and science organizational unit.

[(2) HIGH NEED LOCAL EDUCATIONAL AGENCY.—The term "high need local educational agency" means a local educational agency that serves an elementary school or secondary school located in an area in which there is—

[(A) a high percentage of individuals from families with incomes below the poverty line;

[(B) a high percentage of secondary school teachers not teaching in the content area in which the teachers were trained to teach; or

[(C) a high teacher turnover rate.

[(3) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

**[SEC. 202. [U.S.C. 1022] STATE GRANTS.**

[(a) IN GENERAL.—From amounts made available under section 210(1) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible States to enable the eligible States to carry out the activities described in subsection (d).

[(b) ELIGIBLE STATE.—

[(1) DEFINITION.—In this part, the term "eligible State" means—

[(A) the Governor of a State; or

[(B) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency.

[(2) CONSULTATION.—The Governor and the individual, entity, or agency designated under paragraph (1) shall consult with the Governor, State board of education, State educational agency, or State agency for higher education, as appropriate, with respect to the activities assisted under this section.

[(3) CONSTRUCTION.—Nothing in this subsection shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

[(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall, at the time of the initial grant application, submit an application to the Secretary that—

[(1) meets the requirement of this section;

[(2) includes a description of how the eligible State intends to use funds provided under this section; and

[(3) contains such other information and assurances as the Secretary may require.

[(d) USES OF FUNDS.—An eligible State that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

[(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, and possess strong teaching skills, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

[(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

[(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers with alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

[(4) ALTERNATIVE ROUTES TO STATE CERTIFICATION.—Carrying out programs that—

[(A) include support during the initial teaching experience; and

[(B) establish, expand, or improve alternative routes to State certification of teachers for highly qualified individuals, including mid-career professionals from other occupations, paraprofessionals, former military personnel and recent college graduates with records of academic distinction.

[(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and prin-

cipals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to expeditiously remove incompetent or unqualified teachers consistent with procedures to ensure due process for the teachers.

[(6) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

[(7) RECRUITMENT.—Activities described in section 204(d).

**[SEC. 203. [20 U.S.C. 1023] PARTNERSHIP GRANTS.**

[(a) GRANTS.—From amounts made available under section 210(2) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible partnerships to enable the eligible partnerships to carry out the activities described in subsections (d) and (e).

[(b) DEFINITIONS.—

[(1) ELIGIBLEE PARTNERSHIPS.—In this part, the term "eligible partnerships" means an entity that—

[(A) shall include—

[(i) a partner institution;

[(ii) a school of arts and sciences; and

[(iii) a high need local educational agency; and

[(B) may include a Governor, State educational agency, the State board of education, the State agency for higher education, an institution of higher education not described in subparagraph (A), a public charter school, a public or private elementary school or secondary school, a public or private nonprofit educational organization, a business, a teacher organization, or a prekindergarten program.

[(2) PARTNER INSTITUTION.—In this section, the term "partner institution" means a private independent or State-supported public institution of higher education, the teacher training program of which demonstrates that—

[(A) graduates from the teacher training program exhibit strong performance on State-determined qualifying assessments for new teachers through—

[(i) demonstrating that 80 percent or more of the graduates of the program who intend to enter the field of teaching have passed all of the applicable State qualification assessments for new teachers, which shall include an assessment of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher intends to teach; or

[(ii) being ranked among the highest-performing teacher preparation programs in the State as determined by the State—

[(I) using criteria consistent with the requirements for the State report card under section 207(b); and

[(II) using the State report card on teacher preparation required under section 207(b), after

the first publication of such report card and for every year thereafter; or

[(B) the teacher training program requires all the students of the program to participate in intensive clinical experience, to meet high academic standards, and—

[(i) in the case of secondary school candidates, to successfully complete an academic major in the subject area in which the candidate intends to teach or to demonstrate competence through a high level of performance in relevant content areas; and

[(ii) in the case of elementary school candidates, to successfully complete an academic major in the arts and sciences or to demonstrate competence through a high level of performance in core academic subject areas.

[(c) APPLICATION.—Each eligible partnership desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

[(1) contain a needs assessment of all the partners with respect, to teaching and learning and a description of how the partnership will coordinate with other teacher training or professional development programs, and how the activities of the partnership will be consistent with State, local, and other education reform activities that promote student achievement;

[(2) contain a resource assessment that describes the resources available to the partnership, the intended use of the grant funds, including a description of how the grant funds will be fairly distributed in accordance with subsection (f), and the commitment of the resources of the partnership to the activities assisted under this part, including financial support, faculty participation, time commitments, and continuation of the activities when the grant ends; and

[(3) contain a description of—

[(A) how the partnership will meet the purposes of this part;

[(B) how the partnership will carry out the activities required under subsection (d) and any permissible activities under subsection (e); and

[(C) the partnership's evaluation plan pursuant to section 206(b).

[(d) REQUIRED USES OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to carry out the following activities:

[(1) REFORMS.—Implementing reforms within teacher preparation programs to hold the programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, and for promoting strong teaching skills, including working with a school of arts and sciences and integrating reliable research-based teaching methods into the curriculum, which curriculum shall include programs designed to successfully integrate technology into teaching and learning.

[(2) CLINICAL EXPERIENCE AND INTERACTION.—Providing sustained and high quality preservice clinical experience including

the mentoring of prospective teachers by veteran teachers, and substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time, for such interaction.

[(3) PROFESSIONAL DEVELOPMENT.—Creating opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach, and that promotes strong teaching skills.

[(e) ALLOWABLE USES OF FUNDS.—An eligible partnership that receives a grant under this section may use such funds to carry out the following activities:

[(1) TEACHER PREPARATION AND PARENT INVOLVEMENT.—Preparing teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals, and involving parents in the teacher preparation program reform process.

[(2) DISSEMINATION AND COORDINATION.—Broadly disseminating information on effective practices used by the partnership, and coordinating with the activities of the Governor, State board of education, State higher education agency, and State educational agency, as appropriate.

[(3) MANAGERIAL AND LEADERSHIP SKILLS.—Developing and implementing proven mechanisms to provide principals and superintendents with effective managerial and leadership skills that result in increased student achievement.

[(4) TEACHER RECRUITMENT.—Activities described in section 204(d).

[(f) SPECIAL RULE.—No individual member of an eligible partnership shall retain more than 50 percent of the funds made available to the partnership under this section.

[(g) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an eligible partnership from using grant funds to coordinate with the activities of more than one Governor, State board of education, State educational agency, local educational agency, or State agency for higher education.

**SEC. 204. [20 U.S.C. 1024] TEACHER RECRUITMENT GRANTS.**

[(a) PROGRAM AUTHORIZED.—From amounts made available under section 210(3) for a fiscal year, the Secretary is authorized to award grants, on a competitive basis, to eligible applicants to enable the eligible applicants to carry out activities described in subsection (d).

[(b) ELIGIBLE APPLICANT DEFINED.—In this part, the term "eligible applicant" means—

[(1) an eligible State described in section 202(b); or

[(2) an eligible partnership described in section 203(b).

[(c) APPLICATION.—Any eligible applicant desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require, including—

[(1) a description of the assessment that the eligible applicant, and the other entities with whom the eligible applicant

will carry out the grant activities, have undertaken to determine the most critical needs of the participating high-need local educational agencies;

[(2) a description of the activities the eligible applicant will carry out with the grant; and

[(3) a description of the eligible applicant's plan for continuing the activities carried out with the grant, once Federal funding ceases.

[(d) USES OF FUNDS.—Each eligible applicant receiving a grant under this section shall use the grant funds—

[((1)(A) to award scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program;

[(B) to provide support services, if needed to enable scholarship recipients to complete postsecondary education programs; and

[(C) for followup services provided to former scholarship recipients during the recipients first 3 years of teaching; or

[(2) to develop and implement effective mechanisms to ensure that high need local educational agencies and schools are able to effectively recruit highly qualified teachers.

[(e) SERVICE REQUIREMENTS.—The Secretary shall establish such requirements as the Secretary finds necessary to ensure that recipients of scholarships under this section who complete teacher education programs subsequently teach in a high-need local educational agency, for a period of time equivalent to the period for which the recipients receive scholarship assistance, or repay the amount of the scholarship. The Secretary shall sue any such repayments to carry out additional activities under this section.

**[SEC. 205. [20 U.S.C. 1025] ADMINISTRATIVE PROVISIONS.**

[(a) DURATION; ONE-TIME AWARDS; PAYMENTS.—

[(1) DURATION.—

(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.— Grants awarded to eligible States and eligible applicants under this part shall be awarded for a period not to exceed 3 years.

[(B) ELIGIBLE PARTNERSHIPS.—Grants awarded to eligible partnerships under this part shall be awarded for a period of 5 years.

[(2) ONE-TIME AWARD.—An eligible State and an eligible partnership may receive a grant under each of sections 202, 203, and 204 only once.

[(3) PAYMENTS.—The Secretary shall make annual payments of grant funds awarded under this part.

(b) PEER REVIEW.—

[(1) PANEL.—The Secretary shall provide the applications submitted under this part to a peer review panel for evaluation. With respect to each applications, the peer review panel shall initially recommend the application for funding or for disapproval.

[(2) PRIORITY.—In recommending applications to the Secretary for funding under this part, the panel shall—

[(A) with respect to grants under section 202, give priority to eligible States serving States that—

[(i) have initiatives to reform State teacher certification requirements that are designed to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are certified or licensed to teach;

[(ii) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content area in which the teachers plan to teach and have strong teaching skills; or

[(iii) involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas;

[(B) with respect to grants under section 203—

[(i) give priority to applications from eligible partnerships that involve businesses; and

[(ii) take into consideration—

[(I) providing an equitable geographic distribution of the grants throughout the United States; and

[(II) the potential of the proposed activities for creating improvement and positive change.

[(3) SECRETARIAL SELECTION.—The Secretary shall determine, based on the peer review process, which application shall receive funding and the amounts of the grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

(c) MATCHING REQUIREMENTS.—

[(1) STATE GRANTS.—Each eligible State receiving a grant under section 202 or 204 shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the grant (in cash or in kind) to carry out the activities supported by the grant.

[(2) PARTNERSHIP GRANTS.—Each eligible partnership receiving a grant under section 203 or 204 shall provide, from non-Federal sources (in cash or in kind), an amount equal to 25 percent of the grant for the first year of the grant, 35 percent of the grant for the second year of the grant, and 50 percent of the grant for each succeeding year of the grant.

(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible State or eligible partnership that receives a grant under this part may not use more than 2 percent of the grant funds for purposes of administering the grant.

(e) TEACHER QUALIFICATIONS PROVIDED TO PARENTS UPON REQUEST.—Any local educational agency or school that benefits from the activities assisted under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualification of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall

inform parents that the parents are entitled to receive the information upon request.

**SEC. 2056 [20 u.s.c. 1026] accountability and evaluation.**

(a) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under section 202 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the eligible state, in using funds provided under such section, has made substantial progress in meeting the following goals:

[(1) STUDENT ACHIEVEMENT.—Increasing student achievement for all students as defined by the eligible State.

[(2) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, through the use of incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

[(3) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the pass rate for initial State teacher certification or licensure, or increasing the numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

[(4) CORE ACADEMIC SUBJECTS.—

[(A) SECONDARY SCHOOL CLASSES.—Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

[(i) with academic majors in those areas or in a related field;

[(ii) who can demonstrate a high level of competence through rigorous academic subject area tests; or

[(iii) who can demonstrate, competence through a high level of performance in relevant content areas.

[(B) ELEMENTARY SCHOOL CLASSES.—Increasing the percentage of elementary school classes taught by teachers—

[(i) with academic majors in the arts and sciences; or

[(ii) who can demonstrate competence through a high level of performance in core academic subjects.

[(5) DECREASING TEACHER SHORTAGES.—Decreasing shortages of qualified teachers in poor urban and rural areas.

[(6) INCREASING OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified or licensed to teach or in which the teachers are working toward certification or licensure to teach, and that promotes strong teaching skills.

[(7) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

[(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each eligible partnership receiving a grant under section 203 shall establish and include in the application submitted under section 203(c), an evaluation plan that includes strong performance objectives. The plan shall include objectives and measures for—

[(1) increased student achievement for all students as measured by the partnership;

[(2) increased teacher retention in the first 3 years of a teacher's career;

[(3) increased success in the pass rate for initial State certification or licensure of teachers; and

[(4) increased percentage of secondary school classes taught in core academic subject areas by teachers—

[(A) with academic majors in the areas or in a related field; and

[(B) who can demonstrate a high level of competence through rigorous academic subject area tests or who can demonstrate competence through a high level of performance in relevant content areas;

[(5) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences or who demonstrate competence through a high level of performance in core academic subject areas; and

[(6) increasing the number of teachers trained in technology.

[(c) REVOCATION OF GRANT.—

[(1) REPORT.—Each eligible State or eligible partnership receiving a grant under this part shall report annually on the progress of the eligible State or eligible partnership toward meeting the purposes of this part and the goals, objectives, and measures described in subsections (a) and (b).

[(2) REVOCATION.—

(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—If the Secretary determines that an eligible State or eligible applicant is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the second year of a grant under this part, then the grant payment shall not be made for the third year of the grant.

[(B) ELIGIBLE PARTNERSHIPS.—If the Secretary determines that an eligible partnership is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the third year of a grant under this part, then the grant payments shall not be made for any succeeding year of the grant.

[(d) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this part and report the Secretary's findings regarding the activities to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by eligible States and eligible partnerships under this part, and shall broadly disseminate information regarding such practices that were found to be ineffective.

**[SEC. 207. [20 U.S.C. 1027] ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.**

[(a) DEVELOPMENT OF DEFINITIONS AND REPORTING METHODS.—Within 9 months of the date of enactment of the Higher Education Amendments of 1998, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions for terms, and uni-

form reporting methods (including the key definitions for the consistent reporting of pass rates), related to the performance of elementary school and secondary school teacher preparation programs.

[(b) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—Each State that receives funds under this Act shall provide to the Secretary, within 2 years of the date of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in subsection (a), a State report card on the quality of teacher preparation in the State, which shall include at least the following:

[(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by the state.

[(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher certification or licensure and to be certified or licensed to teach particular subjects or in particular grades within the State.

[(3) A description of the extent to which the assessments and requirements described in paragraph (1) are aligned with the State's standards and assessments for students.

[(4) The percentage of teaching candidates who passed each of the assessments used by the State for teacher certification and licensure, and the passing score on each assessment that determines whether a candidate has passed that assessment.

[(5) The percentage of teaching candidates who passed each of the assessments used by the State for teacher certification and licensure, disaggregated and ranked, by the teacher preparation program in that State from which the teacher candidate received the candidate's most recent degree, which shall be made available widely and publicly.

[(6) Information on the extent to which teachers in the State are given waivers of State certification or licensure requirements, including the proportion of such teachers distributed across high- and low-poverty school districts and across subject areas.

[(7) A description of each State's alternative routes to teacher certification, if any, and of the percentage of teachers certified through alternative certification routes who pass State teacher certification or licensure assessments.

[(8) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education in the State, including indicators of teacher candidate knowledge and skills.

[(9) Information on the extent to which teachers or prospective teachers in the each State are required to take examinations or other assessments of their subject matter knowledge in the area or areas in which the teachers provide instruction, the standards established for passing any such assessments, and the extent to which teachers or prospective teachers are required to receive a passing score on such assessments in order to teach in specific subject areas or grade levels.

[(c) INITIAL REPORT.—

[(1) IN GENERAL.—Each State that receives funds under this Act, not later than 6 months of the date of enactment of the Higher Education Amendments of 1998 and in a uniform and comprehensible manner, shall submit to the Secretary the information described in paragraphs (1), (5), and (6) of subsection (b). Such information shall be compiled by the Secretary and submitted to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* not later than 9 months after the date of enactment of the Higher Education Amendments of 1998.

[(2) CONSTRUCTION.—Nothing in this subsection shall be construed to require a State to gather information that is not in the possession of the State or the teacher preparation programs in the State, or readily available to the State or teacher preparation programs.

[(d) REPORT OF THE SECRETARY OF THE QUALITY OF TEACHER PREPARATION.—

[(1) REPORT CARD.—The Secretary shall provide to Congress, and publish and make widely available, a report card on teacher qualifications and preparation in the United States, including all the information reported in paragraphs (1) through (9) of subsection (b). Such report shall identify States for which eligible States and eligible partnerships received a grant under this part. Such report shall be so provided, published and made available not later than 2 years 6 months after the date of enactment of the Higher Education Amendments of 1998 and annually thereafter.

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

[(A) a comparison of States' efforts to improve teaching quality; and

[(B) regarding the national mean and median scores on any standardized test that is used in more than 1 State for teacher certification or licensure.

[(3) SPECIAL RULE.—In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification or licensure assessment during an academic year, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

[(e) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher certification or licensure assessments in a State other than the State in which the individual received the individual's most recent degree.

[(f) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—

[(1) REPORT CARD.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving Federal assistance under this Act, not later than 18 months after the date of enactment of the Higher Education Amendments of 1998 and annually thereafter, shall report to the State and the general public, in a uniform and comprehensible manner that conforms with the definitions and

methods established under subsection (a), the following information:

[ (A) PASS RATE.—(i) For the most recent year for which the information is available, the pass rate of the institution's graduates on the teacher certification or licensure assessments of the State in which the institution is located, but only for those students who took those assessments within 3 years of completing the program.

[ (ii) A comparison of the program's pass rate with the average pass rate for programs in the State.

[ (iii) In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification or licensure assessment during an academic year, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

[ (B) PROGRAM INFORMATION.—The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the faculty-student ratio in supervised practice teaching.

[ (C) STATEMENT.—In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

[(D) DESIGNATION AS LOW-PERFORMING.—Whether the program has been designated as low-performing by the State under section 208(a).

[(2) REQUIREMENT.—The information described in paragraph (1) shall be reported through publications such as school catalogs and promotional materials sent to potential applicants, secondary school guidance counselors, and prospective employers of the institution's program graduates.

[(3) FINES—In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on an institution of higher education for failure to provide the information described in this subsection in a timely or accurate manner.

**[SEC. 208. [20 U.S.C. 1028] STATE FUNCTIONS.**

[(a) STATEMENT ASSESSMENT.—In order to receive funds under this Act, a State, not later than 2 years after the date of enactment of the Higher Education Amendments of 1998, shall have in place a procedure to identify, and assist, through the provision of technical assistance, low-performing programs of teacher preparation within institutions of higher education. Such State shall provide the Secretary an annual list of such low-performing institutions that includes an identification of those institutions at-risk of being placed on such list. Such levels of performance shall be determined solely by the State and may include criteria based upon information collected pursuant to this part. Such assessment shall be described in the report under section 207(b).

[(b) TERMINATION OF ELIGIBILITY.—Any institution of higher education that offers a program of teacher preparation in which the State has withdrawn the State's approval or terminated the State's financial support due to the low performance of the institution's teacher preparation program based upon the State assessment described in subsection (a)—

[(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

[(2) shall not be permitted to accept to enroll any student that receives aid under title IV of this Act in the institution's teacher preparation program.

[(c) NEGOTIATED RULEMAKING.—If the Secretary develops any regulations implementing subsection (b)(2), the Secretary shall submit such proposed regulations to a negotiated rulemaking process, which shall include representatives of States, institutions of higher education, and educational and student organizations.

**[SEC. 209 [20 U.S. 1029] GENERAL PROVISIONS.**

[(a) METHODS.—In complying with sections 207 and 208, the Secretary shall ensure that States and institutions of higher education use fair and equitable methods in reporting and that the reporting methods protect the privacy of individuals.

[(b) SPECIAL RULE.—For each State in which there are no State certification or licensure assessments, or for States that do not set minimum performance levels on those assessments

[(1) the Secretary shall, to the extent practicable, collect data comparable to the data required under this part from States, local educational agencies, institutions of higher education, or other entities that administer such assessments to teachers or prospective teachers; and

[(2) notwithstanding any other provision of this part, the Secretary shall use such data to carry out requirements of this part related to assessments or pass rates.

[(c) LIMITATIONS.—

[(1) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall be construed to prohibit private, religious, or home schools from participation in programs or services under this part.

[(2) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

[(3) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize the Secretary to establish or support any national system of teacher certification.]

## *PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS*

***SEC. 201. PURPOSES; DEFINITIONS.***

*(a) PURPOSES.—The purposes of this part are to—*

*(1) improve student achievement;*

*(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities;*

*(3) hold institutions of higher education accountable for preparing highly qualified teachers; and*

*(4) recruit qualified individuals, including minorities and individuals from other occupations, into the teaching force.*

*(b) DEFINITIONS.—In this part:*

*(1) ARTS AND SCIENCES.—The term "arts and sciences" means—*

*(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers 1 or more academic majors in disciplines or content areas corresponding to the academic subject areas in which teachers provide instruction; and*

*(B) when referring to a specific academic subject area, the disciplines or content areas in which academic majors are offered by the arts and sciences organizational unit.*

*(2) CHILDREN FROM LOW-INCOME FAMILIES.—The term "children from low-income families" means children as described in section 1124(c)(1)(A) of the Elementary and Secondary Education Act of 1965.*

*(3) EARLY CHILDHOOD EDUCATION PROGRAM.—The term "early childhood education program" means a Head Start program or an Early Head Start program carried out under the Head Start Act (42 U.S.C. 9831 et seq.), a State licensed or regulated child care program or school, or a State prekindergarten program that serves children from birth through kindergarten and that addresses the children's cognitive (including language, early literacy, and pre-numeracy), social, emotional, and physical development.*

*(4) EARLY CHILDHOOD EDUCATOR.—The term "early childhood educator" means an individual with primary responsibility for the education of children in an early childhood education program.*

*(5) EDUCATIONAL SERVICE AGENCY.—The term "educational service agency" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965.*

*(6) EXEMPLARY TEACHER.—The term "exemplary teacher" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965.*

*(7) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term "high-need local educational agency" means a local educational agency or educational service agency—*

*(A)(i) that serves not fewer than 10,000 children from low-income families;*

*(ii) for which not less than 20 percent of the children served by the agency are children from low-income families; or*

*(iii) with a total of less than 600 students in average daily attendance at the schools that are served by the agency and all of whose schools are designated with a school locale code of 7 or 8, as determined by the Secretary; and*

*(B)(i) for which there is a high percentage of teachers not teaching in the academic subject areas or grade levels in which the teachers were trained to teach; or*

*(ii) for which there is a high teacher turnover rate or a high percentage of teachers with emergency, provisional, or temporary certification or licensure.*

*(8) HIGHLY QUALIFIED.—The term "highly qualified" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 and, with respect to special education teachers, in section 602 of the Individuals with Disabilities Education Act.*

*(9) PROFESSIONAL DEVELOPMENT.—The term "professional development" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965.*

*(10) SCIENTIFICALLY BASED READING RESEARCH.—The term "scientifically based reading research" has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965.*

*(11) SCIENTIFICALLY BASED RESEARCH.—The term "scientifically based research" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965.*

*(12) TEACHER MENTORING.—The term "teacher mentoring" means mentoring of teachers through an established or implemented program—*

*(A) that includes qualifications for mentors;*

*(B) that provides training for mentors;*

*(C) that provides regular and ongoing opportunities for mentors and mentees to observe each other's teaching methods in classroom settings during the school day;*

*(D) in which the mentoring is provided by a colleague who teaches in the same field, grade, or subject as the mentee; and*

*(E) that includes—*

*(i) common planning time or regularly scheduled collaboration with teachers in the teachers' same field, grade, or subject area; and*

*(ii) additional professional development opportunities.*

*(13) TEACHING SKILLS.—The term "teaching skills" means the ability to—*

*(A) increase student achievement;*

*(B) effectively convey and explain academic subject matter;*

*(C) employ strategies that—*

*(i) are based on scientifically based research;*

*(ii) are specific to academic subject matter; and*

*(iii) focus on identification and tailoring of academic instruction to students' specific learning needs, particularly students with disabilities, students who are limited English proficient, and students who are gifted and talented;*

*(D) conduct ongoing assessment of student learning;*

*(E) effectively manage a classroom;*

*(F) communicate and work with parents and guardians, and involve parents and guardians in their children's education; and*

*(G) in the case of an early childhood educator, use age appropriate strategies and practices for children in early childhood education programs.*

***SEC. 202. STATE GRANTS.***

*(a) IN GENERAL.—From amounts made available under section 209(a)(1) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible States to enable the eligible States to carry out the activities described in subsections (d) and (e).*

*(b) ELIGIBLE STATE.—*

*(1) DEFINITION.—In this part, the term "eligible State" means—*

*(A) the Governor of a State; or*

*(B) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification or licensure and preparation activity, such individual, entity, or agency.*

*(2) CONSULTATION.—The Governor or the individual, entity, or agency designated under paragraph (1)(B) shall consult with the Governor, State board of education, State educational agency, State agency for higher education, or other applicable State entities (including the State agency responsible for early childhood education), as appropriate, with respect to the activities assisted under this section, including the development of the grant application and implementation of the activities.*

*(3) CONSTRUCTION.—Nothing in this subsection shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.*

*(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall submit an application to the Secretary that—*

*(1) meets the requirement of this section;*

*(2) demonstrates that the eligible State is in full compliance with—*

*(A) sections 206(b) and 207; and*

*(B) if applicable, sections 207(b) and 208, as such sections were in effect on the day before the date of enactment of the Higher Education Amendments of 2005;*

*(3) includes a description of how the eligible State intends to use funds provided under this section;*

*(4) includes measurable objectives for the use of the funds provided under this section;*

*(5) describes how funded activities will—*

*(A) reduce shortages, if any, of—*

*(i) highly qualified general and special education teachers, including in low-income urban and rural areas and in high-need academic subject areas; and*

*(ii) fully competent early childhood educators; and*

*(B) be consistent with State, local, and other education reform activities that promote effective teaching skills and student academic achievement and consistent with State early learning standards for early childhood education pro-*

*grams, including how funded activities will support carrying out the applicable requirements of the eligible State under sections 1111 and 1119 of the Elementary and Secondary Education Act of 1965, and section 612(a)(14) of the Individuals with Disabilities Education Act;*

*(6) contains an assurance that the eligible State will carry out each of the intended uses of grant funds described in paragraph (3);*

*(7) describes the eligible State's—*

*(A) current capacity to measure the effectiveness of teacher preparation programs and professional development activities within the State using available statewide data;*

*(B) activities to enhance or expand the integration of existing data systems to better measure the effectiveness of teacher preparation programs and professional development activities within the State; or*

*(C) if such data systems do not exist, plans for the development of an integrated statewide data system to measure the effectiveness of teacher preparation programs and professional development activities within the State using available statewide data; and*

*(8) contains such other information and assurances as the Secretary may require.*

*(d) REQUIRED USES OF FUNDS.—An eligible State that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965 and subsections (a) and (b) of section 654 of the Individuals with Disabilities Education Act, and to ensure that current and prospective teachers are highly qualified, by carrying out each of the following activities:*

*(1) REFORMS.—Ensuring that all teacher preparation programs in the State are preparing current or prospective teachers to become highly qualified, to understand scientifically based research and its applicability, and to use technology effectively, including use of instructional techniques to improve student academic achievement, by assisting such programs—*

*(A) in retraining faculty;*

*(B) in designing (or redesigning) teacher preparation programs so that such programs—*

*(i) are based on rigorous academic content and scientifically based research (including scientifically based reading research), and aligned with challenging State academic content standards;*

*(ii) promote effective teaching skills; and*

*(iii) promote understanding of effective instructional strategies for students with special needs, including students with disabilities, students who are limited English proficient, and students who are gifted and talented;*

*(C) in ensuring collaboration with departments, programs, or units outside of the teacher preparation program in relevant academic content areas to ensure a successful combination of training in both teaching and such content;*

*(D) in developing high-quality, rigorous clinical experiences (that include student teaching experience) in which students participate while enrolled in a teacher preparation program, lasting not less than 1 term, through dissemination of best practices, technical assistance, or other relevant activities; and*

*(E) in collecting and using data, in collaboration with institutions of higher education, schools, and local educational agencies, on teacher retention rates, by school, to evaluate and strengthen the effectiveness of the State's teacher support system.*

*(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that—*

*(A) teachers have the academic content knowledge and teaching skills in the academic subject areas that the teachers teach that are necessary to help students meet challenging State student academic achievement standards, as required under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965;*

*(B) such requirements are aligned with challenging State academic content standards, as required under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965;*

*(C) teacher certification and licensure assessments are—*

*(i) used for purposes for which such assessments are valid and reliable;*

*(ii) consistent with relevant, professional, and technical standards; and*

*(iii) aligned with the reporting requirements of sections 205 and 206; and*

*(D) such requirements for high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages) and high-need areas (such as special education, language instruction educational programs, and early childhood education) exist and reflect qualifications to help students meet high standards, which may include the development of a State test for such areas.*

*(3) EVALUATION.—*

*(A) ANNUAL EVALUATION.—An eligible State that receives a grant under this section shall evaluate annually the effectiveness of teacher preparation programs and professional development activities within the State. To the extent practicable, such evaluation shall examine—*

*(i) teachers' contributions to improving student academic achievement, as measured by State academic assessments required under section 1111(b)(3) of the Elementary and Secondary Education Act of 1965; and*

*(ii) teacher mastery of the academic subject matter the teachers teach.*

*(B) PUBLIC REPORTING.—The eligible State shall make the information described in subparagraph (A) widely available through public means, such as posting on the Internet, distribution to the media, and distribution*

*through public agencies, except such reporting shall not be made in a case in which the reporting of the data would reveal personally identifiable information about a teacher or student.*

*(C) BETTER MEASUREMENT OF EFFECTIVENESS.—*

*(i) IN GENERAL.—An eligible State that receives a grant under this section and does not have the capacity to measure the effectiveness of teacher preparation programs and professional development activities within the State using available statewide data, shall use a portion of funds received under this section to enhance or expand the integration of existing data systems, as described in subsection (c)(7)(B), or develop an integrated statewide data system, as described in subsection (c)(7)(C), to better measure and provide information that will improve the effectiveness of teacher preparation programs on student learning and achievement, and the impact of pre-service and ongoing professional development on teacher placement and retention.*

*(ii) TECHNICAL QUALITY; STUDENT PRIVACY; FUNDS FROM OTHER SOURCES.—In carrying out clause (i), the eligible State shall ensure—*

*(I) the technical quality of the data system to maximize the validity, reliability, and accessibility of the data;*

*(II) that student privacy is protected and that individually identifiable information about students, their achievements, and their families remains confidential, in accordance with the Family Educational Rights and Privacy Act of 1974; and*

*(III) that funds provided under this section are used to supplement State efforts to enhance or expand the integration of existing data systems or to develop an integrated statewide data system.*

*(e) ALLOWABLE USES OF FUNDS.—An eligible State that receives a grant under this section may use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965 and subsections (a) and (b) of section 654 of the Individuals with Disabilities Education Act, and to ensure that current and future teachers are highly qualified, by carrying out any of the following activities:*

*(1) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING AND STATE CERTIFICATION OR LICENSURE.—Providing prospective teachers with alternative routes to State certification or licensure and alternative route programs to become highly qualified teachers through—*

*(A) innovative approaches that reduce unnecessary barriers to State certification or licensure while producing highly qualified teachers;*

*(B) a selective means for admitting individuals into such programs that includes passage of State approved teacher examinations in appropriate subject areas;*

*(C) programs that help prospective teachers develop effective teaching skills and strategies through knowledge of re-*

*search-based information on the learning process and learning practices;*

*(D) programs that provide support to teachers during the teachers' initial years in the profession; and*

*(E) alternative routes to State certification or licensure of teachers for qualified individuals, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college graduates with records of academic distinction.*

*(2) INNOVATIVE PROGRAMS.—Planning and implementing innovative programs to enhance the ability of institutions of higher education, including charter colleges of education, or university and local educational agency partnership schools, to prepare highly qualified teachers, which programs shall—*

*(A) permit flexibility in the manner in which the institution of higher education meets State requirements as long as graduates, during the graduates' initial years in the profession, increase student academic achievement;*

*(B) provide a description in the application of long-term data gathered from teachers' performance over multiple years in the classroom regarding the teachers' ability to increase student academic achievement;*

*(C) ensure high-quality preparation of teachers from underrepresented groups;*

*(D) create performance measures that can be used to document the effectiveness of innovative methods for preparing highly qualified teachers; and*

*(E) develop frameworks for exemplary induction programs informed by research and best practices.*

*(3) TEACHER RECRUITMENT AND RETENTION.—Undertaking activities that develop and implement effective mechanisms to ensure that local educational agencies and schools are able to recruit and retain highly qualified teachers, which may include the following activities:*

*(A) PERFORMANCE BASED COMPENSATION.—Assisting local educational agencies in developing—*

*(i) performance systems that reward teachers who increase student academic achievement and take on additional responsibilities, such as teacher mentoring and serving as master teachers; and*

*(ii) strategies that provide differential and bonus pay in high-need local educational agencies to recruit and retain—*

*(I) principals;*

*(II) highly qualified teachers who teach in high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages);*

*(III) highly qualified teachers who teach in schools identified for school improvement under section 1116(b) of the Elementary and Secondary Education Act of 1965;*

*(IV) highly qualified special education teachers;*

*(V) highly qualified teachers specializing in teaching children who are limited English proficient; and*

*(VI) highly qualified teachers in low-income urban and rural schools or districts.*

*(B) ADDITIONAL MECHANISMS.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to—*

*(i) address needs identified with respect to—*

*(I) underrepresented groups;*

*(II) high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages);*

*(III) high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education);*

*(IV) high-need communities, such as rural and urban areas; and*

*(V) high-need schools, including schools with high rates of teacher turnover;*

*(ii) offer teacher mentoring for new teachers during such teachers' initial years of teaching; and*

*(iii) provide access to ongoing professional development and innovative training opportunities for teachers and administrators.*

*(C) TEACHER ADVANCEMENT.—Assisting local educational agencies in developing teacher advancement and retention initiatives that promote professional growth and emphasize multiple career paths (such as paths to becoming a highly qualified mentor teacher or exemplary teacher) and pay differentiation.*

*(D) RECRUIT QUALIFIED PROFESSIONALS.—Developing recruitment programs or assisting local educational agencies in—*

*(i) recruiting qualified professionals from other fields, including highly qualified paraprofessionals (as defined in section 2102 of the Elementary and Secondary Education Act of 1965); and*

*(ii) providing such professionals with alternative routes to teacher certification or licensure.*

*(E) UNDERREPRESENTED POPULATIONS.—Providing increased opportunities for minorities, individuals with disabilities, and other individuals underrepresented in the teaching profession to become highly qualified teachers.*

*(F) RURAL EDUCATION RECRUITMENT AND RETENTION PROGRAMS.—Making grants to rural school districts, or a consortia of rural school districts, to implement—*

*(i) teacher recruitment strategies, which may include tuition assistance, student loan forgiveness, housing assistance, bonus pay, and other effective approaches;*

*(ii) teacher retention strategies, such as mentoring programs and ongoing opportunities for professional growth and advancement; and*

*(iii) partnerships with institutions of higher education designed to—*

*(I) prepare beginning teachers to teach; and*

*(II) assist teachers (including teachers who teach multiple subjects) to become highly qualified.*

*(4) TEACHER SCHOLARSHIPS AND SUPPORT.—Providing—*

*(A) scholarships to help students, such as individuals who have been accepted by, or who are enrolled in, a program of undergraduate education or initial teacher preparation at an institution of higher education, pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program, if—*

*(i) the Secretary establishes such requirements as the Secretary determines necessary to ensure that recipients of scholarships under this section who complete teacher preparation programs—*

*(I) subsequently teach in an early childhood education program or a high-need local educational agency for a period of time equivalent to the period of time for which the recipient received scholarship assistance, plus an additional 1 year; or*

*(II) repay the amount of the scholarship if the recipient does not teach as described in subclause (I); and*

*(ii) the eligible State provides an assurance that the eligible State will recruit minority students to become highly qualified teachers;*

*(B) support services, if needed, to enable scholarship recipients to complete postsecondary education programs, or to move from a career outside of the field of education into a teaching career; and*

*(C) follow-up services to former scholarship recipients during the recipients' initial years of teaching.*

*(5) TEACHER REMOVAL.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to expeditiously remove incompetent or unqualified teachers consistent with procedures to ensure due process for the teachers.*

*(6) TEACHER EFFECTIVENESS.—Developing—*

*(A) systems to measure the effectiveness of teacher preparation programs and professional development programs; and*

*(B) strategies to document gains in student academic achievement or increases in teacher mastery of the academic subject matter the teachers teach, as a result of such programs.*

*(7) EARLY CHILDHOOD EDUCATORS.—Developing strategies to improve and expand teacher preparation programs for early childhood educators to teach in early childhood education programs.*

*(8) PROFESSIONAL DEVELOPMENT.—Developing and enhancing high-quality professional development, instructional materials, and relevant educational materials.*

*(9) TECHNOLOGY.—Assisting teachers to use technology effectively, including use for instructional techniques and the collec-*

*tion, management, and analysis of data to improve teaching, learning, and decision making for the purpose of increasing student academic achievement.*

*(10) AREAS OF INSTRUCTIONAL SHORTAGE.—Increasing the number of—*

*(A) teachers in the classroom providing instruction in high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages) and high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education); and*

*(B) special education faculty dedicated to preparing highly qualified special education teachers at institutions of higher education.*

*(11) TECHNICAL ASSISTANCE.—Providing technical assistance to low-performing programs of teacher preparation within institutions of higher education identified under section 207(a).*

*(12) EVALUATION SUPPORT.—Performing data collection, evaluation, and reporting to meet the requirements of subsection (d)(3).*

*(13) PROFESSIONAL ADVANCEMENT.—Developing a professional advancement system to—*

*(A) initiate or enhance a system in which highly qualified teachers who pursue advanced licensure levels are required to demonstrate increased competencies and undertake increased responsibilities for increased compensation as the teachers progress through levels established by the State; or*

*(B) provide opportunities for professional growth, including through—*

*(i) a nationally recognized advance credentialing system; or*

*(ii) special certification in advanced placement or international baccalaureate content, teaching gifted and talented students, and pedagogy.*

*(f) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to carry out activities under this section.*

***SEC. 203. PARTNERSHIP GRANTS.***

*(a) GRANTS.—From amounts made available under section 209(a)(2) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible partnerships to enable the eligible partnerships to carry out the activities described in subsections (e) and (f).*

*(b) DEFINITIONS.—*

*(1) ELIGIBLE PARTNERSHIP.—*

*(A) IN GENERAL.—In this part, the term "eligible partnership" means an entity that shall include—*

*(i) a partner institution;*

*(ii) a school of arts and sciences;*

*(iii) a high-need local educational agency and a school or a consortium of schools served by the agency; and*

*(iv) at least 1 individual or entity described in subparagraph (B).*

*(B) ADDITIONAL INDIVIDUALS AND ENTITIES.—In this part, the term "eligible partnership" means an entity that shall include at least 1 of the following:*

*(i) A Governor.*

*(ii) A State educational agency.*

*(iii) A State board of education.*

*(iv) A State agency for higher education.*

*(v) A school or department within the partner institution focusing on education, psychology, human development, or a department with comparable expertise in the disciplines of teaching, learning, and child and adolescent development.*

*(vi) An institution of higher education or a department within such institution, not described in subparagraph (A).*

*(vii) A public charter school.*

*(viii) A public or private elementary school or secondary school.*

*(ix) A public or private nonprofit educational organization.*

*(x) A business.*

*(xi) A science-, mathematics-, or technology-oriented entity.*

*(xii) An early childhood education program.*

*(xiii) A teacher organization.*

*(xiv) An educational service agency.*

*(xv) A consortium of local educational agencies.*

*(xvi) A nonprofit telecommunications entity.*

*(2) PARTNER INSTITUTION.—In this section, the term "partner institution" means an institution of higher education, which may include a 2-year institution of higher education offering a dual program with a 4-year institution of higher education, that has a teacher preparation program—*

*(A) whose graduates exhibit strong performance on State-determined qualifying assessments for new teachers through—*

*(i) demonstrating that 80 percent or more of the graduates of the program who intend to enter the field of teaching have passed all of the applicable State qualification assessments for new teachers, which shall include an assessment of each prospective teacher's subject matter knowledge in the content area in which the teacher intends to teach; or*

*(ii) being ranked among the highest-performing teacher preparation programs in the State as determined by the State—*

*(I) using criteria consistent with the requirements for the State report card under section 206(b); and*

*(II) using the State report card on teacher preparation required under section 206(b), after the first publication of such report card and for every year thereafter; or*

*(B) that requires all the students of the program to meet high academic standards and participate in intensive clinical experience, and—*

*(i) in the case of secondary school candidates, to successfully complete—*

*(I) a major or its equivalent in coursework in the academic subject area in which the candidate intends to teach; or*

*(II) a related major in the academic subject area in which the candidate intends to teach;*

*(ii) in the case of elementary school candidates, to successfully complete—*

*(I) an academic major or its equivalent in coursework in the arts and sciences; or*

*(II) a major in elementary education with a significant amount of coursework in the arts and sciences; and*

*(iii) in the case of early childhood educators, to become fully competent and meet degree requirements, as established by the State.*

*(c) APPLICATION.—Each eligible partnership desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—*

*(1) a needs assessment of all the partners with respect to the preparation, induction, and professional development of early childhood educators, general and special education teachers, and principals;*

*(2) a description of the extent to which the teacher preparation program of the eligible partnership prepares new teachers with effective teaching skills;*

*(3) a description of how the eligible partnership will coordinate with other teacher preparation or professional development programs, including those funded under the Elementary and Secondary Education Act of 1965 and the Individuals with Disabilities Education Act, and how the activities of the eligible partnership will be consistent with State, local, and other education reform activities that promote student achievement;*

*(4) a resource assessment that describes the resources available to the eligible partnership, the intended use of the grant funds (including a description of how the grant funds will be fairly distributed), and the commitment of the resources of the eligible partnership to the activities assisted under this part, including financial support, faculty participation, time commitments, and continuation of the activities when the grant period ends;*

*(5) a description of—*

*(A) how the eligible partnership will meet the purposes of this part;*

*(B) how the eligible partnership will carry out the activities required under subsection (e) and any permissible activities under subsection (f);*

*(C) the eligible partnership's evaluation plan pursuant to section 205(b);*

*(D) how the eligible partnership will align the teacher preparation program with the challenging student academic achievement standards, State early learning standards for early childhood education programs (where applicable), and challenging academic content standards, established by the State in which the partnership is located;*

*(E) how faculty of the teacher preparation program at the partner institution will serve, over the period of the grant, with highly qualified teachers in the classrooms of the high-need local educational agency included in the eligible partnership;*

*(F) how the eligible partnership will ensure that teachers, principals, and superintendents in all schools (including private schools, as appropriate) located in the geographic areas served by an eligible partnership under this section are provided information about the activities carried out with funds under this section, including through electronic means;*

*(G) how the eligible partnership will design, implement, or enhance the clinical program component, including promoting close supervision of student teachers by faculty of the teacher preparation program and mentor teachers while in the program and during the student teachers' initial years of teaching if hired by schools included in the eligible partnership;*

*(H) how the eligible partnership will develop or enhance an induction program that includes high-quality professional development to support new teachers during the teachers' initial years of teaching that includes teacher mentoring and collaborating with teachers in the same grade, department, or field; and*

*(I) how the eligible partnership will collect, analyze, use, and disseminate data on the retention of all teachers in schools located in the geographic areas served by the eligible partnership to evaluate the effectiveness of its teacher support system; and*

*(6) an assurance that the eligible partnership will carry out each of the activities described in paragraph (5).*

*(d) CONSULTATION.—*

*(1) IN GENERAL.—Members of an eligible partnership that receives a grant under this section shall engage in regular consultation throughout the development and implementation of programs and activities under this section.*

*(2) REGULAR COMMUNICATION.—To ensure timely and meaningful consultation, regular communication shall occur among all members of the eligible partnership, including the high-need local educational agency. Such communication shall continue throughout the implementation of the grant and the assessment of programs and activities under this section.*

*(3) WRITTEN CONSENT.—The Secretary may approve changes in grant activities only if a written consent signed by all members of the eligible partnership is submitted to the Secretary.*

*(e) REQUIRED USES OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to carry out each of the following activities:*

*(1) REFORMS.—Ensuring that each teacher preparation program and each early childhood educator preparation program, where applicable, of the eligible partnership that is assisted under this section addresses the needs identified in the needs assessment of the partnership and is preparing current or prospective teachers to be highly qualified, and, where applicable, early childhood educators to be fully competent, to understand scientifically based research and its applicability, and to use technology effectively, including use of instructional techniques to improve student academic achievement, and in the case of early childhood educators, techniques to improve children's cognitive, social, emotional, and physical development, by assisting such programs—*

*(A) in retraining faculty;*

*(B) in designing (or redesigning) teacher preparation programs so that such programs—*

*(i) are based on rigorous academic content and scientifically based research (including scientifically based reading research), and aligned with challenging State academic content standards, as required under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965, and for early childhood educators, aligned with State early learning standards;*

*(ii) promote effective teaching skills;*

*(iii) promote understanding of effective instructional strategies for students with special needs, including students with disabilities, students who are limited English proficient, students who are gifted and talented, and children in early childhood education programs; and*

*(iv) promote high-quality mathematics, science, and foreign language instruction, where applicable;*

*(C) in ensuring collaboration with departments, programs, or units outside of the teacher preparation program in all academic content areas to ensure a successful combination of training in both teaching and such content; and*

*(D) in developing high-quality, rigorous clinical experiences, lasting not less than 1 term, through dissemination of best practices, technical assistance, or other relevant activities.*

*(2) CLINICAL EXPERIENCE AND INTERACTION.—Improving sustained and high-quality preservice clinical experiences, including—*

*(A) providing teacher mentoring; and*

*(B) substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time and release time, for such interaction.*

*(3) SUPPORT PROGRAMS FOR NEW TEACHERS.—Creating a program to support new teachers during the initial years of teaching (for not less than 1 year and not more than 3 years). Such program shall promote effective teaching skills and may include the following components:*

*(A) Development of skills in educational interventions based on scientifically based research.*

*(B) Development of knowledge of scientifically based research on teaching and learning.*

*(C) Inclusion of faculty who model the integration of research and practice in the classroom.*

*(D) Opportunities for—*

*(i) high-quality teacher mentoring; and*

*(ii) additional professional development, dissemination of evidence-based research on educational practices, and professional development activities.*

*(E) Interdisciplinary collaboration among exemplary teachers, faculty, researchers, and other staff who prepare new teachers in the learning process and the assessment of learning.*

*(f) ALLOWABLE USES OF FUNDS.—An eligible partnership that receives a grant under this section may use the grant funds to carry out any of the following activities that address the needs identified in the needs assessment:*

*(1) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING AND STATE CERTIFICATION OR LICENSURE.—The activity described in section 202(e)(1).*

*(2) DISSEMINATION AND COORDINATION.—Broadly disseminating information on effective practices used by the eligible partnership, and coordinating with the recruitment and training activities of the Governor, State board of education, State agency for higher education, State agency responsible for early childhood education, and State educational agency, as appropriate.*

*(3) INNOVATIVE PROGRAMS.—Developing innovative programs designed to provide graduates of programs funded under this title with opportunities to continue their education through supports and opportunities to improve instructional practices in the initial years of teaching, including the following:*

*(A) INTERNSHIPS.—*

*(i) TEACHER PREPARATION ENHANCEMENT INTERNSHIP.—Developing a 1-year paid internship program for students who have completed an initial teacher preparation program, or alternative routes to State certification or licensure program, to enable such students to develop the skills and experience necessary for success in teaching, including providing intensive clinical training and combining in-service instruction in teacher methods and assessments with classroom observations, experiences, and practices. Such interns shall have a reduced teaching load and a mentor for assistance in the classroom.*

*(ii) MID-CAREER PROFESSIONAL INTERNSHIPS.—Developing a 1-year paid internship program for mid-career professionals from other occupations, former military personnel, and recent college graduates from fields other than teacher preparation with records of academic distinction to enable such individuals to develop the skills and experience necessary for success in teaching, including providing intensive clinical training and*

*combining in-service instruction in teacher methods and assessments with classroom observations, experiences, and practices. Such interns shall have a reduced teaching load and a mentor for assistance in the classroom.*

*(B) RESIDENCY PROGRAMS FOR NEW TEACHERS.—Supporting teachers in a residency program that provides an induction period for all new general education and special education teachers that includes—*

*(i) a forum for information sharing among prospective teachers, teachers, principals, administrators, and participating faculty in the partner institution; and*

*(ii) the application of scientifically based research on teaching and learning generated by entities such as the Institute of Education Sciences, and the National Research Council of the National Academies.*

*(C) PATHWAYS FOR PARAPROFESSIONALS TO ENTER TEACHING.—Creating intensive programs to provide the coursework and clinical experiences needed by highly qualified paraprofessionals, as defined in section 2102 of the Elementary and Secondary Education Act of 1965, to qualify for State teacher certification or licensure to become highly qualified teachers.*

*(4) MANAGERIAL AND LEADERSHIP SKILLS.—Developing and implementing proven mechanisms to provide principals and superintendents with effective managerial, leadership, curricula, and instructional skills that result in increased student academic achievement.*

*(5) TEACHER SCHOLARSHIPS AND SUPPORT.—Providing—*

*(A) scholarships to help students, such as individuals who have been accepted by, or who are enrolled in, a program of undergraduate education at an institution of higher education, pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program, if—*

*(i) the Secretary establishes such requirements as the Secretary determines necessary to ensure that recipients of scholarships under this paragraph who complete teacher preparation programs—*

*(I) subsequently teach in a high-need local educational agency for a period of time equivalent to the period of time for which the recipient received the scholarship assistance, plus an additional 1 year; or*

*(II) repay the amount of the scholarship if the recipient does not teach as described in subclause (I); and*

*(ii) the eligible partnership provides an assurance that the eligible partnership will recruit minority students to become highly qualified teachers;*

*(B) support services, if needed, to enable scholarship recipients to complete postsecondary education programs, or to transition from a career outside of the field of education into a teaching career; and*

*(C) follow-up services for former scholarship recipients during the recipients' initial years of teaching.*

*(6) COORDINATION WITH COMMUNITY COLLEGES.—*

*(A) TEACHER PREPARATION PROGRAMS.—Coordinating with 2-year institutions of higher education to implement teacher preparation programs, including through distance learning, for the purposes of allowing prospective teachers—*

*(i) to obtain a bachelor's degree and State certification or licensure; and*

*(ii) to become highly qualified teachers.*

*(B) PROFESSIONAL DEVELOPMENT.—Coordinating with 2-year institutions of higher education to provide professional development that—*

*(i) improves the academic content knowledge of teachers in the academic subject areas in which the teachers are certified or licensed to teach, or in which the teachers are working toward certification or licensure to teach; and*

*(ii) promotes effective teaching skills.*

*(7) CLINICAL EXPERIENCE IN SCIENCE, MATHEMATICS, AND TECHNOLOGY.—Creating opportunities for clinical experience and training for teachers and prospective teachers through participation with professionals in business, research, and work environments in areas relating to science, mathematics, and technology, including opportunities for using laboratory equipment.*

*(8) PROFESSIONAL DEVELOPMENT.—Creating opportunities for enhanced and ongoing professional development for experienced general education and special education teachers, early childhood educators, principals, administrators, and faculty.*

*(9) TECHNOLOGY.—The activity described in section 202(e)(9).*

*(10) AREAS OF INSTRUCTIONAL SHORTAGE.—Increasing the number of—*

*(A) teachers in the classroom providing instruction in high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages), and high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education);*

*(B) special education faculty dedicated to preparing highly qualified special education teachers at institutions of higher education; and*

*(C) faculty at institutions of higher education with expertise in instruction of students who are limited English proficient.*

*(11) IMPROVING INSTRUCTION.—Improving instruction by—*

*(A) improving understanding and instruction in core academic subjects and other, specialized courses, such as geography, American history and government, and world history; and*

*(B) creating externships for teachers and prospective teachers for field experience and training through participation in business, research, and work environments in high-need academic subject areas (such as reading, mathe-*

*matics, science, and foreign language, including less commonly taught languages) and high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education).*

*(12) GRADUATE PROGRAMS.—Developing, in collaboration with departments, programs, or units of both academic content and teacher education within a partner institution, master's degree programs that meet the demonstrated needs of teachers in the high-need local educational agency participating in the eligible partnership for content expertise and teaching skills.*

*(13) LITERACY TEACHER TRAINING.—Establishing and implementing a program that strengthens content knowledge and teaching skills of secondary school teachers in literacy that—*

*(A) provides teacher training and stipends for literacy coaches who train classroom teachers to implement literacy programs;*

*(B) develops or redesigns rigorous research-based curricula that are aligned with challenging State academic content standards, as required under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965, and with postsecondary standards for reading and writing;*

*(C) provides training and stipends for teachers to tutor students with intense individualized reading, writing, and subject matter instruction during or beyond the school day;*

*(D) provides opportunities for teachers to plan and assess instruction with other teachers, school leaders, and faculty at institutions of higher education; and*

*(E) establishes an evaluation and accountability plan for activities conducted under this paragraph to measure the impact of such activities.*

*(g) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an eligible partnership from using grant funds to coordinate with the activities of eligible partnerships in other States or on a regional basis through Governors, State boards of education, State educational agencies, State agencies responsible for early childhood education, local educational agencies, or State agencies for higher education.*

*(h) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to carry out activities under this section.*

***SEC. 204. ADMINISTRATIVE PROVISIONS.***

*(a) DURATION; NUMBER OF AWARDS; PAYMENTS.—*

*(1) DURATION.—*

*(A) ELIGIBLE STATES.—Grants awarded to eligible States under this part shall be awarded for a period not to exceed 3 years.*

*(B) ELIGIBLE PARTNERSHIPS.—Grants awarded to eligible partnerships under this part shall be awarded for a period of 5 years.*

*(2) NUMBER OF AWARDS.—An eligible partnership may not receive more than 1 grant during a 5-year period. Nothing in this title shall be construed to prohibit an individual member, that can demonstrate need, of an eligible partnership that receives a*

*grant under this title from entering into another eligible partnership consisting of new members and receiving a grant with such other eligible partnership before the 5-year period described in the preceding sentence applicable to the eligible partnership with which the individual member has first partnered has expired.*

*(3) PAYMENTS.—The Secretary shall make annual payments of grant funds awarded under this part.*

*(b) PEER REVIEW.—*

*(1) PANEL.—The Secretary shall provide the applications submitted under this part to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.*

*(2) PRIORITY.—In recommending applications to the Secretary for funding under this part, the panel shall—*

*(A) with respect to grants under section 202, give priority to eligible States—*

*(i) that have innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers to become highly qualified and have effective teaching skills;*

*(ii) that have innovative efforts aimed at reducing the shortage of highly qualified general and special education teachers, including in low-income urban and rural areas and in high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages); and*

*(iii) whose awards promote an equitable geographic distribution of grants among rural and urban areas; and*

*(B) with respect to grants under section 203, give priority—*

*(i) to applications from broad-based eligible partnerships that involve businesses and community organizations; and*

*(ii) to eligible partnerships so that the awards promote an equitable geographic distribution of grants among rural and urban areas.*

*(3) SECRETARIAL SELECTION.—The Secretary shall determine, based on the peer review process, which applications shall receive funding and the amounts of the grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.*

*(c) MATCHING REQUIREMENTS.—*

*(1) STATE GRANTS.—Each eligible State receiving a grant under section 202 shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the grant (in cash or in kind) to carry out the activities supported by the grant.*

*(2) PARTNERSHIP GRANTS.—Each eligible partnership receiving a grant under section 203 shall provide, from non-Federal sources (in cash or in kind), an amount equal to 25 percent of the amount of the grant for the first year of the grant, 35 per-*

*cent of the amount of the grant for the second year of the grant, and 50 percent of the amount of the grant for each succeeding year of the grant.*

*(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible State or eligible partnership that receives a grant under this part may use not more than 2 percent of the grant funds for purposes of administering the grant.*

*(e) ADDITIONAL ACTIVITIES.—The Secretary shall use funds repaid pursuant to section 202(e)(4)(A)(i)(II) or section 203(f)(5)(A)(i)(II) to carry out additional activities under section 202 or 203, respectively.*

***SEC. 205. ACCOUNTABILITY AND EVALUATION.***

*(a) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under section 202 shall submit an annual accountability report to the Secretary and the authorizing committees. Such report shall include a description of the degree to which the eligible State, in using funds provided under such section, has made progress in meeting the purposes of this part and substantial progress in meeting the following goals, as applicable:*

*(1) STUDENT ACADEMIC ACHIEVEMENT.—Increasing student academic achievement for all students as defined by the eligible State.*

*(2) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession as a highly qualified teacher, and where applicable, as a fully competent early childhood educator.*

*(3) INITIAL CERTIFICATION OR LICENSURE.—Improving the pass rates and scaled scores for initial State teacher certification or licensure, or increasing the numbers of qualified individuals being certified or licensed as teachers through alternative routes to State certification or licensure programs.*

*(4) PERCENTAGE OF HIGHLY QUALIFIED TEACHERS.—Providing data on the progress of the State towards meeting the highly qualified teacher requirements under section 1119(a)(2) of the Elementary and Secondary Education Act of 1965.*

*(5) DECREASING TEACHER SHORTAGES.—Decreasing shortages of—*

*(A) highly qualified teachers in—*

*(i) low-income urban and rural areas;*

*(ii) high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages);*

*(iii) special education; and*

*(iv) high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education); and*

*(B) fully competent early childhood educators.*

*(6) INCREASING OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT.—Increasing opportunities for enhanced and ongoing professional development that—*

*(A) improves the academic content knowledge of teachers in the academic subject areas in which the teachers are certified or licensed to teach or in which the teachers are working toward certification or licensure to teach; and*

*(B) promotes effective teaching skills.*

*(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each eligible partnership submitting an application for a grant under section 203 shall establish and include in such application, an evaluation plan that includes strong performance objectives. The plan shall include objectives and measures for increasing—*

*(1) student achievement for all students as measured by the eligible partnership;*

*(2) teacher retention in the first 3 years of a teacher's career;*

*(3) improvement in the pass rates and scaled scores for initial State certification or licensure of teachers;*

*(4) the percentage of highly qualified teachers hired by the high-need local educational agency participating in the eligible partnership; and*

*(5) the percentage of—*

*(A) highly qualified teachers among underrepresented groups, in high-need academic subject areas (such as reading, mathematics, science, and foreign language, including less commonly taught languages), in high-need areas (such as special education, language instruction educational programs for limited English proficient students, and early childhood education), and in high-need schools;*

*(B) elementary school, middle school, and secondary school classes taught by teachers who are highly qualified;*

*(C) early childhood education program classes taught by providers who are fully competent; and*

*(D) highly qualified special education teachers.*

*(c) REVOCATION OF GRANT.—*

*(1) ELIGIBLE STATES.—If the Secretary determines that an eligible State is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the second year of a grant under this part, then the grant payment shall not be made for the third year of the grant.*

*(2) ELIGIBLE PARTNERSHIPS.—If the Secretary determines that an eligible partnership is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the third year of a grant under this part, then the grant payments shall not be made for any succeeding year of the grant.*

*(d) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this part and report the Secretary's findings regarding the activities to the authorizing committees. The Secretary shall broadly disseminate—*

*(1) successful practices developed by eligible States and eligible partnerships under this part; and*

*(2) information regarding such practices that were found to be ineffective.*

***SEC. 206. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.***

*(a) INSTITUTIONAL AND PROGRAM REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—*

*(1) REPORT CARD.—Each institution of higher education that conducts a traditional teacher preparation program or alternative routes to State certification or licensure program and that enrolls students receiving Federal assistance under this Act shall report annually to the State and the general public, in a*

*uniform and comprehensible manner that conforms with the definitions and methods established by the Secretary, both for traditional teacher preparation programs and alternative routes to State certification or licensure programs, the following information:*

*(A) PASS RATES AND SCALED SCORES.—For the most recent year for which the information is available for those students who took the assessments and are enrolled in the traditional teacher preparation program or alternative routes to State certification or licensure program, and for those who have taken the assessments and have completed the traditional teacher preparation program or alternative routes to State certification or licensure program during the 2-year period preceding such year, for each of the assessments used for teacher certification or licensure by the State in which the program is located—*

*(i) the percentage of students who have completed 100 percent of the nonclinical coursework and taken the assessment who pass such assessment;*

*(ii) the percentage of all such students who passed each such assessment;*

*(iii) the percentage of students taking an assessment who completed the teacher preparation program after enrolling in the program, which shall be made available widely and publicly by the State;*

*(iv) the average scaled score for all students who took each such assessment;*

*(v) a comparison of the program's pass rates with the average pass rates for programs in the State; and*

*(vi) a comparison of the program's average scaled scores with the average scaled scores for programs in the State.*

*(B) PROGRAM INFORMATION.—The criteria for admission into the program, the number of students in the program (disaggregated by race and gender), the average number of hours of supervised clinical experience required for those in the program, the number of full-time equivalent faculty and students in the supervised clinical experience, and the total number of students who have been certified or licensed as teachers, disaggregated by subject and area of certification or licensure.*

*(C) STATEMENT.—In States that require approval or accreditation of teacher preparation programs, a statement of whether the institution's program is so approved or accredited, and by whom.*

*(D) DESIGNATION AS LOW-PERFORMING.—Whether the program has been designated as low-performing by the State under section 207(a).*

*(E) USE OF TECHNOLOGY.—A description of the activities that prepare teachers to effectively integrate technology into curricula and instruction and effectively use technology to collect, manage, and analyze data in order to improve teaching, learning, and decision making for the purpose of increasing student academic achievement.*

*(2) REPORT.—Each eligible partnership receiving a grant under section 203 shall report annually on the progress of the eligible partnership toward meeting the purposes of this part and the objectives and measures described in section 205(b).*

*(3) FINES.—The Secretary may impose a fine not to exceed $25,000 on an institution of higher education for failure to provide the information described in this subsection in a timely or accurate manner.*

*(4) SPECIAL RULE.—In the case of an institution of higher education that conducts a traditional teacher preparation program or alternative routes to State certification or licensure program and has fewer than 10 scores reported on any single initial teacher certification or licensure assessment during an academic year, the institution shall collect and publish information, as required under paragraph (1)(A), with respect to an average pass rate and scaled score on each State certification or licensure assessment taken over a 3-year period.*

*(b) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—*

*(1) IN GENERAL.—Each State that receives funds under this Act shall provide to the Secretary, annually, in a uniform and comprehensible manner that conforms with the definitions and methods established by the Secretary, a State report card on the quality of teacher preparation in the State, both for traditional teacher preparation programs and for alternative routes to State certification or licensure programs, which shall include not less than the following:*

*(A) A description of reliability and validity of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by the State.*

*(B) The standards and criteria that prospective teachers must meet in order to attain initial teacher certification or licensure and to be certified or licensed to teach particular academic subject areas or in particular grades within the State.*

*(C) A description of how the assessments and requirements described in subparagraph (A) are aligned with the State's challenging academic content standards required under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 and State early learning standards for early childhood education programs.*

*(D) For each of the assessments used by the State for teacher certification or licensure—*

*(i) for each institution of higher education located in the State and each entity located in the State that offers an alternative route for teacher certification or licensure, the percentage of students at such institution or entity who have completed 100 percent of the nonclinical coursework and taken the assessment who pass such assessment;*

*(ii) the percentage of all such students at all such institutions taking the assessment who pass such assessment; and*

*(iii) the percentage of students taking an assessment who completed the teacher preparation program after*

*enrolling in the program, which shall be made available widely and publicly by the State.*

*(E) A description of alternative routes to State certification or licensure in the State (including any such routes operated by entities that are not institutions of higher education), if any, including, for each of the assessments used by the State for teacher certification or licensure—*

*(i) the percentage of individuals participating in such routes, or who have completed such routes during the 2-year period preceding the date of the determination, who passed each such assessment; and*

*(ii) the average scaled score of individuals participating in such routes, or who have completed such routes during the period preceding the date of the determination, who took each such assessment.*

*(F) A description of the State's criteria for assessing the performance of teacher preparation programs within institutions of higher education in the State. Such criteria shall include indicators of the academic content knowledge and teaching skills of students enrolled in such programs.*

*(G) For each teacher preparation program in the State, the criteria for admission into the program, the number of students in the program, disaggregated by race and gender (except that such disaggregation shall not be required in a case in which the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student), the average number of hours of supervised clinical experience required for those in the program, and the number of full-time equivalent faculty, adjunct faculty, and students in supervised clinical experience.*

*(H) For the State as a whole, and for each teacher preparation program in the State, the number of teachers prepared, in the aggregate and reported separately by—*

*(i) area of certification or licensure;*

*(ii) academic major; and*

*(iii) subject area for which the teacher has been prepared to teach.*

*(I) Using the data generated under subparagraphs (G) and (H), a description of the extent to which teacher preparation programs are helping to address shortages of highly qualified teachers, by area of certification or licensure, subject, and specialty, in the State's public schools, including those areas described in section 205(a)(5).*

*(J) A description of the activities that prepare teachers to effectively integrate technology into curricula and instruction and effectively use technology to collect, manage, and analyze data in order to improve teaching, learning, and decision making for the purpose of increasing student academic achievement.*

*(2) PROHIBITION AGAINST CREATING A NATIONAL LIST.—The Secretary shall not create a national list or ranking of States, institutions, or schools using the scaled scores provided under this subsection.*

*(c) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—*

*(1) REPORT CARD.—The Secretary shall provide to Congress, and publish and make widely available, a report card on teacher qualifications and preparation in the United States, including all the information reported in subparagraphs (A) through (J) of subsection (b)(1). Such report shall identify States for which eligible States and eligible partnerships received a grant under this part. Such report shall be so provided, published, and made available annually.*

*(2) REPORT TO CONGRESS.—The Secretary shall prepare and submit a report to Congress that contains the following:*

*(A) A comparison of States' efforts to improve the quality of the current and future teaching force.*

*(B) A comparison of eligible partnerships' efforts to improve the quality of the current and future teaching force.*

*(C) The national mean and median scaled scores and pass rate on any standardized test that is used in more than 1 State for teacher certification or licensure.*

*(3) SPECIAL RULE.—In the case of a teacher preparation program with fewer than 10 scores reported on any single initial teacher certification or licensure assessment during an academic year, the Secretary shall collect and publish information, and make publicly available, with respect to an average pass rate and scaled score on each State certification or licensure assessment taken over a 3-year period.*

*(d) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher certification or licensure assessments in a State other than the State in which the individual received the individual's most recent degree.*

***SEC. 207. STATE FUNCTIONS.***

*(a) STATE ASSESSMENT.—In order to receive funds under this Act, a State shall have in place a procedure to identify and assist, through the provision of technical assistance, low-performing programs of teacher preparation. Such State shall provide the Secretary an annual list of such low-performing teacher preparation programs that includes an identification of those programs at risk of being placed on such list. Such levels of performance shall be determined solely by the State and may include criteria based on information collected pursuant to this part. Such assessment shall be described in the report under section 206(b).*

*(b) TERMINATION OF ELIGIBILITY.—Any program of teacher preparation from which the State has withdrawn the State's approval, or terminated the State's financial support, due to the low performance of the program based upon the State assessment described in subsection (a)—*

*(1) shall be ineligible for any funding for professional development activities awarded by the Department;*

*(2) shall not be permitted to accept or enroll any student that receives aid under title IV in the institution's teacher preparation program; and*

*(3) shall provide transitional support, including remedial services if necessary, for students enrolled at the institution at*

*the time of termination of financial support or withdrawal of approval.*

*(c) NEGOTIATED RULEMAKING.—If the Secretary develops any regulations implementing subsection (b)(2), the Secretary shall submit such proposed regulations to a negotiated rulemaking process, which shall include representatives of States, institutions of higher education, and educational and student organizations.*

*(d) APPLICATION OF THE REQUIREMENTS.—The requirements of this section shall apply to both traditional teacher preparation programs and alternative routes to State certification and licensure programs.*

***SEC. 208. GENERAL PROVISIONS.***

*(a) METHODS.—In complying with sections 206 and 207, the Secretary shall ensure that States and institutions of higher education use fair and equitable methods in reporting and that the reporting methods do not allow identification of individuals.*

*(b) SPECIAL RULE.—For each State that does not use content assessments as a means of ensuring that all teachers teaching in core academic subjects within the State are highly qualified not later than the end of the 2005-2006 school year, as required under section 1119 of the Elementary and Secondary Education Act of 1965, and that each person employed as a special education teacher in the State who teaches elementary school, middle school, or secondary school is highly qualified by such deadline, as required under section 612(a)(14)(C) of the Individuals with Disabilities Education Act,—*

*(1) the Secretary shall, to the extent practicable, collect data comparable to the data required under this part from States, local educational agencies, institutions of higher education, or other entities that administer such assessments to teachers or prospective teachers; and*

*(2) notwithstanding any other provision of this part, the Secretary shall use such data to carry out requirements of this part related to assessments, pass rates, and scaled scores.*

*(c) LIMITATIONS.—*

*(1) FEDERAL CONTROL PROHIBITED.—Nothing in this title shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to prohibit private, religious, or home schools from participation in programs or services under this title.*

*(2) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this title shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.*

*(3) NATIONAL SYSTEM OF TEACHER CERTIFICATION OR LICENSURE PROHIBITED.—Nothing in this title shall be construed to permit, allow, encourage, or authorize the Secretary to establish or support any national system of teacher certification or licensure.*

*(d) RELEASE OF INFORMATION TO TEACHER PREPARATION PROGRAMS.—*

*(1) IN GENERAL.—For the purpose of improving teacher preparation programs, a State educational agency shall provide to a teacher preparation program, upon the request of the teacher preparation program, any and all pertinent education-related information that—*

*(A) may enable the teacher preparation program to evaluate the effectiveness of the program's graduates or the program itself; and*

*(B) is possessed, controlled, or accessible by the State educational agency.*

*(2) CONTENT OF INFORMATION.—The information described in paragraph (1)—*

*(A) shall include an identification of specific individuals who graduated from the teacher preparation program to enable the teacher preparation program to evaluate the information provided to the program from the State educational agency with the program's own data about the specific courses taken by, and field experiences of, the individual graduates; and*

*(B) may include—*

*(i) kindergarten through grade 12 academic achievement and demographic data, without revealing personally identifiable information about an individual student, for students who have been taught by graduates of the teacher preparation program; and*

*(ii) teacher effectiveness evaluations for teachers who graduated from the teacher preparation program.*

***SEC. 209. AUTHORIZATION OF APPROPRIATIONS.***

*(a) IN GENERAL.—There are authorized to be appropriated to carry out this part such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years, of which—*

*(1) 50 percent shall be available for each fiscal year to award grants under section 202; and*

*(2) 50 percent shall be available for each fiscal year to award grants under section 203.*

*(b) SPECIAL RULE.—If the Secretary determines that there is an insufficient number of meritorious applications for grants under section 202 or 203 to justify awarding the full amount described in paragraph (1) or (2) of subsection (a), respectively, the Secretary may, after funding the meritorious applications, use the remaining funds for grants under the other such section.*

PART A—STRENGTHENING INSTITUTIONS

**SEC. 311. PROGRAM PURPOSE.**

(a) GENERAL AUTHORIZATION.— * * *

(b) GRANTS AWARDED; SPECIAL CONSIDERATION.—(1) From the sums available for this part under section 399(a)(1), the Secretary may award grants to any eligible institution with an application approved under section [351] *391* in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution.

* * * * * * *

(3) Special consideration shall be given to applications which purpose, pursuant to the institution's plan, to engage in—

(A) * * *
(B) * * *
(C) * * *
(D) * * *
(E) * * *
(F) students services, *including services that will assist in the education of special populations.*

(c) AUTHORIZED ACTIVITIES.— * * *

* * * * * * *

(6) Tutoring, counseling, and student service programs designed to improve academic success*, including innovative, customized, remedial education and English language instruction courses designed to help retain students and move the students rapidly into core courses and through program completion.*

*(7) Education or counseling services designed to improve the financial literacy and economic literacy of students or the student's parents.*

**[**(7)**]** *(8)* Funds management, administrative management, and acquisition of equipment for use in strengthening funds management.

**[**(8)**]** *(9)* Joint use of facilities, such as laboratories and libraries.

**[**(9)**]** *(10)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

**[**(10)**]** *(11)* Establishing or improving an endowment fund.

**[**(11)**]** *(12)* Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

**[**(12)**]** *(13)* Other activities proposed in the application submitted pursuant of **[**subsection (c)**]** *subsection (b) and section 391 that—*

(A) contribute to carrying out the purposes of the program assisted under this part; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

* * * * * * *

**SEC. 312. DEFINITIONS; ELIGIBILITY.**

(a) EDUCATIONAL AND GENERAL EXPENDITURES.— * * *

(b) ELIGIBLE INSTITUTION.—For the purpose of this part, the term "eligible institution" means—

(1) an institution of higher education—

(A) which has an enrollment of needy students as required by **[**subsection (c) of this section**]** *subsection (d)*;

* * * * * * *

(c) ENDOWMENT FUND.— * * *

* * * * * * *

(d) ENROLLMENT OF NEEDY STUDENTS.— * * *

(1) * * *

(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage

of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this [subdivision] *paragraph* is waived under section 392(a).

**SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.**

(a) PROGRAM AUTHORIZED.— * * *

(b) * * *

(1) * * *

(2) * * *

[(3) TRIBAL COLLEGE OR UNIVERSITY.—The term "Tribal College or University" has the mean give the term "tribally controlled college or university" in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.]

*(3) TRIBAL COLLEGE OR UNIVERSITY.—The term "Tribal College or University" means an institution that—*

*(A) qualifies for funding under the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801 et seq.) or the Navajo Community College Assistance Act of 1978 (25 U.S.C. 640a note); or*

*(B) is cited in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note).*

(4)* * *

(c) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.— * * *

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

(A) * * *

(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services *and the acquisition of real property adjacent to the campus of the institution*;

* * * * * * *

(F) tutoring, counseling, and student service programs designed to improve academic success;

*(G) education or counseling services designed to improve the financial literacy and economic literacy of students or parents of students;*

[(G)] *(H)* funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

[(H)] *(I)* joint use of facilities, such as laboratories and libraries;

[(I)] *(J)* establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

[(J)] *(K)* establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching Indian children and youth, that shall in-

clude, as part of such program, preparation for teacher certification;

[(K)] *(L)* establishing community outreach programs that encourage Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education; [and]

*(M) developing or improving facilities for Internet use or other distance learning academic instruction capabilities; and*

[(L)] *(N)* other activities proposed in the application sub-

(i) contribute to carrying out the activities described in [subparagraphs (A) through (K)] *subparagraphs (A) through (M)*; and

(ii) are approved by the Secretary as part of the review and acceptance of such application.

* * * * * * *

[(d) APPLICATION PROCESS.—

[(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an eligible institution under section 312(b).

[(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. The Secretary shall, to the extent possible, prescribe a simplified and streamlined format for such applications that takes into account the limited number of institutions that are eligible for assistance under this section. Each such application shall include—

[(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

[(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with paragraph (1).

(3) SPECIAL RULES.—

[(A) ELIGIBILITY.—No Tribal College or University that receives funds under this section shall concurrently receive funds under other provisions of this part or part B.

[(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.

[(C) DISTRIBUTION. In awarding grants under this section, the Secretary shall, to the extent possible and consistent with the competitive process under which such grants are awarded, ensure maximum and equitable distribution among all eligible institutions.]

*(d) APPLICATION, PLAN, AND ALLOCATION.—*

*(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an eligible institution under section 312(b).*

*(2) APPLICATION.—*

*(A) IN GENERAL.—A Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may reasonably require.*

*(B) STREAMLINED PROCESS.—The Secretary shall establish application requirements in such a manner as to simplify and streamline the process for applying for grants.*

*(3) ALLOCATIONS TO INSTITUTIONS.—*

*(A) CONSTRUCTION GRANTS.—*

*(i) IN GENERAL.—Of the amount appropriated to carry out this section for any fiscal year, the Secretary may reserve 30 percent for the purpose of awarding 1-year grants of not less than $1,000,000 to address construction, maintenance, and renovation needs at eligible institutions.*

*(ii) PREFERENCE.—In providing grants under clause (i), the Secretary shall give preference to eligible institutions that have not yet received an award under this section.*

*(B) ALLOTMENT OF REMAINING FUNDS.—*

*(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall distribute the remaining funds appropriated for any fiscal year to each eligible institution as follows:*

*(I) 60 percent of the remaining appropriated funds shall be distributed among the eligible Tribal Colleges and Universities on a pro rata basis, based on the respective Indian student counts (as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)) of the Tribal Colleges and Universities; and*

*(II) the remaining 40 percent shall be distributed in equal shares to the eligible Tribal Colleges and Universities.*

*(ii) MINIMUM GRANT.—The amount distributed to a Tribal College or University under clause (i) shall not be less than $500,000.*

*(4) SPECIAL RULES.—*

*(A) CONCURRENT FUNDING.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section shall concurrently receive funds under other provisions of this part or part B.*

*(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.*

* * * * * * *

**SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.**

(a) PROGRAM AUTHORIZED.— * * *

(b) DEFINITIONS.— * * *

* * * * * * *

(c) AUTHORIZED ACTIVITIES.—

(1) * * *

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

(A) * * *

(B) * * *

(C) * * *

(D) * * *

(E) * * *

(F) * * *

(G) joint use of facilities such as laboratories and libraries; [and]

(H) academic tutoring and counseling programs and student support services[.]*; and*

*(I) education or counseling services designed to improve the financial literacy and economic literacy of students or the students' parents.*

* * * * * * *

***SEC. 318. NATIVE AMERICAN-SERVING, NONTRIBAL INSTITUTIONS.***

*(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Native American-serving, nontribal institutions to enable such institutions to improve and expand their capacity to serve Native Americans.*

*(b) DEFINITIONS.—In this section:*

*(1) NATIVE AMERICAN.—The term "Native American" means an individual who is of a tribe, people, or culture that is indigenous to the United States.*

*(2) NATIVE AMERICAN-SERVING, NONTRIBAL INSTITUTION.—The term "Native American-serving, nontribal institution" means an institution of higher education that, at the time of application—*

*(A) has an enrollment of undergraduate students that is not less than 10 percent Native American students; and*

*(B) is not a Tribal College or University (as defined in section 316).*

*(c) AUTHORIZED ACTIVITIES.—*

*(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Native American-serving, nontribal institutions to assist such institutions to plan, develop, undertake, and carry out activities to improve and expand such institutions' capacity to serve Native Americans.*

*(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—*

*(A) the purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;*

*(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;*

*(C) support of faculty exchanges, and faculty development and faculty fellowships to assist faculty in attaining advanced degrees in the faculty's field of instruction;*

*(D) curriculum development and academic instruction;*

*(E) the purchase of library books, periodicals, microfilm, and other educational materials;*

*(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;*

*(G) the joint use of facilities such as laboratories and libraries; and*

*(H) academic tutoring and counseling programs and student support services.*

*(d) APPLICATION PROCESS.—*

*(1) INSTITUTIONAL ELIGIBILITY.—A Native American-serving, nontribal institution desiring to receive assistance under this section shall submit to the Secretary such enrollment data as may be necessary to demonstrate that the institution is a Native American-serving, nontribal institution, along with such other information and data as the Secretary may by regulation require.*

*(2) APPLICATIONS.—*

*(A) PERMISSION TO SUBMIT APPLICATIONS.—Any institution that is determined by the Secretary to be a Native American-serving, nontribal institution may submit an application for assistance under this section to the Secretary.*

*(B) SIMPLIFIED AND STREAMLINED FORMAT.—The Secretary shall, to the extent possible, prescribe a simplified and streamlined format for applications under this section that takes into account the limited number of institutions that are eligible for assistance under this section.*

*(C) CONTENT.—An application submitted under subparagraph (A) shall include—*

*(i) a 5-year plan for improving the assistance provided by the Native American-serving, nontribal institution to Native Americans; and*

*(ii) such other information and assurances as the Secretary may require.*

*(3) SPECIAL RULES.—*

*(A) ELIGIBILITY.—No Native American-serving, nontribal institution that receives funds under this section shall concurrently receive funds under other provisions of this part or part B.*

*(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.*

*(C) DISTRIBUTION.—In awarding grants under this section, the Secretary shall, to the extent possible and consistent with the competitive process under which such grants are awarded, ensure maximum and equitable distribution among all eligible institutions.*

* * * * * * *

**SEC. 322. DEFINITIONS.**

For the purpose of this part:

(1) * * *

(2) * * *

(3) * * *

(4) The term "professional and academic areas in which Blacks are underrepresented" shall be determined by the Secretary *in consultation with the Commissioner for Education Statistics* and the Commissioner of the Bureau of Labor Statis-

tics, on the basis of the most recent available satisfactory data, as professional and academic areas in which the percentage of Black Americans who have been educated, trained, and employed is less than the percentage of Blacks in the general population.

**SEC. 323. GRANTS TO INSTITUTIONS.**

(a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available under section [360(a)(2)] *399(a)(2)* in any fiscal year the Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

(1) * * *

* * * * * * *

(6) * * *

*(7) Education or counseling services designed to improve the financial literacy and economic literacy of students or the students' parents.*

[(7)] *(8)* Funds and administrative management, and acquisition of equipment for use in strengthening funds management.

[(8)[ *(9)* Joint use of facilities, such as laboratories and libraries.

[(9)] *(10)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

[(10)] *(11)* Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary school in the State that shall include, as part of such program, preparation for teacher certification.

[(11)] *(12)* Establishing community outreach programs which will encourage elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education.

[(12)] *(13)* Other activities proposed in the application submitted pursuant to section 325 that—

* * * * * * *

**SEC. 324. ALLOWMENTS TO INSTITUTIONS.**

(a) ALLOTMENT; PELL GRANT BASIS.— * * *

* * * * * * *

(g) SPECIAL RULE FOR CERTAIN DISTRICT OF COLUMBIA ELIGIBLE INSTITUTIONS.— * * *

*(h) SPECIAL RULE ON ELIGIBILITY.—Notwithstanding any other provision of this section, a part B institution shall not receive an allotment under this section unless the part B institution provides, on an annual basis, data indicating that the part B institution—*

*(1) enrolled Federal Pell Grant recipients in the preceding academic year;*

*(2) in the preceding academic year, has graduated students from a program of academic study that is licensed or accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part H of title IV where appropriate; and*

*(3) where appropriate, has graduated students who, within the past 5 years, enrolled in graduate or professional school.*

* * * * * * *

**SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.**

(a) GENERAL AUTHORIZATION.— * * *

* * * * * * *

(b) * * *

(c) USES OF FUNDS.—A grant under this section may be used for—

(1) * * *

(2) construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, *and for the acquisition and development of real property that is adjacent to the campus for such construction, maintenance, renovation, or improvement*;

(3) * * *

(4) * * *

*(5) tutoring, counseling, and student service programs designed to improve academic success;*

*(6) education or counseling services designed to improve the financial literacy and economic literacy of students or the students' parents;*

**[**(5)**]** *(7)* **[**establish or improve**]** *establishing or improving* a development office to strengthen and increase contributions from alumni and the private sector;

**[**(6)**]** *(8)* **[**assist**]** *assisting* in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 331; **[**and**]**

**[**(7)**]** *(9)* funds and administrative management, and the acquisition of equipment, including software, for use in strengthening funds management and management information systems**[**.**]***; and*

*(10) other activities proposed in the application submitted under subsection (d) that—*

*(A) contribute to carrying out the purposes of this part; and*

*(B) are approved by the Secretary as part of the review and acceptance of such application.*

(d) * * *

* * * * * * *

(e) ELIGIBILITY.—

(1) IN GENERAL.—Independent professional or graduate institutions and programs eligible for grants under subsection (a) are the following*:*

(A) * * *

* * * * * * *

(Q) Norfolk Statement University qualified graduate programs; **[**and**]**

(R) Tennessee State University qualified graduate programs**[**.**]***;*

*(S) Alabama State University qualified graduate program;*

*(T) Coppin State University qualified graduate program; and*

*(U) Prairie View A & M University qualified graduate program.*

(2) QUALIFIED GRADUATE PROGRAM.—(A) For the purposes of this section, the term "qualified graduate program" means a graduate or professional program that provides a program of instruction *in law or* in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented and has students enrolled in such program at the time of application for a grant under this section.

(B) * * *

(3) SPECIAL RULE.—Institutions that were awarded grants under this section prior to October 1, ⟦1998⟧ *2006*, shall continue to receive such grants, subject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs ⟦(Q) and (R)⟧ *(S), (T), and (U)* of paragraph (1).

(4) * * *

(5) * * *

(f) FUNDING RULE.—Subject to subsection (g), of the amount appropriated to carry out this section for any fiscal year—

(1) the first $26,600,000 (or any lesser amount appropriated) shall be available only for the purposes of making grants to institutions or programs described in subparagraphs (A) through ⟦(P)⟧ *(R)* of subsection (e)(1);

(2) * * *

(3) any amount in excess of $28,600,000, shall be made available to each of the institutions or programs identified in subparagraphs (A) through (R) pursuant to a formula developed by the Secretary that uses the following elements:

⟦(A) The ability of the institution to match Federal funds with non-Federal funds.

(B) The number of students enrolled in the programs for which the eligible institution received funding under this section in the previous year.⟧

*(A) The amount of non-Federal funds for the fiscal year for which the determination is made that the institution or program listed in subsection (e)—*

*(i) allocates from institutional resources;*

*(ii) secures from non-Federal sources, including amounts appropriated by the State and amounts from the private sector; and*

*(iii) will utilize to match Federal funds awarded for the fiscal year for which the determination is made under this section to the institution or program.*

*(B) The number of students enrolled in the qualified graduate programs of the eligible institution or program, for which the institution or program received and allocated funding under this section in the preceding year.*

(C) The average cost of education per student, for all full-time graduate or professional students ⟦(or the equivalent) enrolled in the eligible professional or graduate school, or for doctoral students enrolled in the qualified

graduate programs.] *enrolled in the qualified programs or institutions listed in paragraph (1).*

(D) The number of [students] *Black American students or minority students* in the previous year who received their first professional or doctoral degree from the programs for which the eligible [institution] *institution or program* received funding under this section in the previous year.

[(E) The contribution, on a percent basis, of the programs for which the institution is eligible to receive funds under this section to the total number of African Americans receiving graduate or professional degrees in the professions or disciplines related to the programs for the previous year.]

*(E) The percentage that the total number of Black American students and minority students who receive their first professional, master's, or doctoral degrees from the institution or program in the academic year preceding the academic year for which the determination is made, represents of the total number of Black American students and minority students in the United States who receive their first professional, master's, or doctoral degrees in the professions or disciplines related to the course of study at such institution or program, respectively, in the preceding academic year.*

(g) HOLD HARMLESS RULE.—Notwithstanding paragraphs (2) and (3) of subsection (f), no institution or qualified program identified in subsection (e)(1) that received a grant for fiscal year 1998 and that is eligible to receive a grant in a subsequent fiscal year shall receive a grant amount in any such subsequent fiscal year that is less than the grant amount received for fiscal year [1998] *2006*, unless the amount appropriated is not sufficient to provide such grant amounts to all such institutions and programs, or the institution cannot provide sufficient matching funds to meet the requirements of this section.

* * * * * * *

**SEC. 342. DEFINITIONS.**

For the purpose of this part:

(1) * * *

(2) * * *

(3) * * *

(4) * * *

(5) * * *

(A) * * *

(B) * * *

(C) instructional equipment technology[,,], research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

* * * * * * *

**SEC. 343. FEDERAL INSURANCE FOR BONDS.**

(a) GENERAL RULE.— * * *

* * * * * * *

(d) FULL FAITH AND CREDIT PROVISIONS.— * * *

(e) *Sale of Qualified Bonds.*—Notwithstanding any other provision of law, a qualified bond guaranteed under this part may be sold to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.

* * * * * * *

**SEC. 365. DEFINITIONS.**

For the purpose of this part—

(1) * * *

* * * * * * *

(9) The term "special projects" means—

(A) a special project grant to a minority institution which [support] *supports* activities that—

* * * * * * *

PART F—GENERAL PROVISIONS

**SEC. 391. APPLICATION FOR ASSISTANCE.**

(a) APPLICATIONS.—

(1) APPLICATIONS REQUIRED.— * * *

* * * * * * *

(b) CONTENTS.—An institution, in its application for a grant, shall—

(1) * * *

* * * * * * *

(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) * * *

(B) * * *

(C) * * *

(D) * * *

(E) a detailed description of any activity which involves the expenditure of more than $25,000 as identified in the budget referred to in [subparagraph (E)] *subparagraph (D)*; and

* * * * * * *

**SEC. 392. WAIVER AUTHORITY AND REPORTING REQUIREMENT.**

(a) WAIVER REQUIREMENTS; NEED-BASED ASSISTANCE STUDENTS.—The Secretary may waive the requirements set forth in section 312(b)(1)(A) in the case of an institution—

(1) * * *

* * * * * * *

(b) WAIVER DETERMINATIONS, EXPENDITURES.—(1) * * *

(2) The Secretary shall submit to the Congress every other year a report concerning the institutions which, although not satisfying the criterion contained in section 312(b)(1)(B), have been determined to be [eligible institutions under part A institutions] *eligible institutions under part A* which enroll significant numbers of Black American, Hispanic, Native American,

Asian American, or Native Hawaiian students under part A, as the case may be. Such report shall—

* * * * * * *

**SEC. 396. LIMITATIONS.**

The funds appropriated under [360] *399* may not be used—

* * * * * * *

**SEC. 399. AUTHORIZATIONS OF APPROPRIATIONS.**

[(a) AUTHORIZATIONS.—

[(1) PART A.—(A) There are authorized to be appropriated to carry out part A, $135,000,000 (other than section 316) for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B) There are authorized to be appropriated to carry out section 316, $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(C) There are authorized to be appropriated to carry out section 317, $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B) There are authorized to be appropriated to carry out section 326, $35,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(3) PART C.—There are authorized to be appropriated to carry out part C, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(4) PART D.—(A) There are authorized to be appropriated to carry out part D (other than section 345(7), but including section 347), $110,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B) There are authorized to be appropriated to carry out section 345(7), such sums as may be necessary for fiscal year 1999 and each of the 4 succeeding fiscal years.

[(5) PART E.—There are authorized to be appropriated to carry out part E, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

*(a) AUTHORIZATIONS.—*

*(1) PART A.—(A) There are authorized to be appropriated to carry out part A (other than section 316) such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(B) There are authorized to be appropriated to carry out section 316 such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(C) There are authorized to be appropriated to carry out section 317 such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(D) There are authorized to be appropriated to carry out section 318 such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326) such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(B) There are authorized to be appropriated to carry out section 326 such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(3) PART C.—There are authorized to be appropriated to carry out part C such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(4) PART D.—(A) There are authorized to be appropriated to carry out part D (other than section 345(7), but including section 347) such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(B) There are authorized to be appropriated to carry out section 345(7) such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(5) PART E.—There are authorized to be appropriated to carry out part E such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

(b) USE OF MULTIPLE YEAR AWARDS.—In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.

*(c) MINIMUM GRANT AMOUNT.—The minimum amount of a grant under this title shall be $200,000.*

* * * * * * *

## TITLE IV—STUDENT ASSISTANCE

### PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

**SEC. 400. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.**

(a) PURPOSE.— * * *

* * * * * * *

## Subpart 1—Federal Pell Grants

**SEC. 401. FEDERAL PELL GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.**

(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) For each fiscal year through fiscal year [2004] *2012*, the Secretary shall pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a Federal Pell Grant in the amount for which that student is eligible, as determined pursuant to subsection (b). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based

upon an amount requested by the institution as needed to pay eligible students until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner[,,], except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

* * * * * * *

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) * * *

[(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be—

[(i) $4,500 for academic year 1999–2000;

[(ii) $4,800 for academic year 2000–2001;

[(iii) $5,100 for academic year 2001–2002;

[(iv) $5,400 for academic year 2002–2003; and

[(v) $5,800 for academic year 2003–2004,

[less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.]

*(2)(A) the amount of the Federal Pell Grant for a student eligible under this part shall be—*

*(i) $5,100 for academic year 2006–2007;*

*(ii) $5,400 for academic year 2007–2008;*

*(iii) $5,700 for academic year 2008–2009;*

*(iv) $6,000 for academic year 2009–2010; and*

*(v) $6,300 for academic year 2010–2011,*

*less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.*

* * * * * * *

[(3)(A) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,700, the amount of a student's basic grant shall equal $2,700 plus—

[(i) one-half of the amount by which such maximum basic grant exceeds $2,700; plus

[(ii) the lesser of—

[(I) the remaining one-half of such excess; or

[(II) the sum of the student's tuition and, if the student has dependent care expenses (as described in section 472(8)) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.

[(B) An institution that charged only fees in lieu of tuition as of October 1, 1998, may include in the institution's determination of tuition charged, fees that would normally constitute tuition.]

[(4)]*(3)* No Federal Pell Grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the Federal Pell Grant shall be reduced until the combination of expected family contribution and the amount of the Federal Pell Grant does not exceed the cost of attendance at such institution.

[(5)]*(4)* No Federal Pell Grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than [$400, except that a student who is eligible for a Federal Pell Grant that is equal to or greater than $200 but less than $400 shall be awarded a Federal Pell Grant of $400.] *10 percent of the maximum basic grant level specified in the appropriate Appropriation Act for such academic year, except that a student who is eligible for a Federal Pell Grant in an amount that is equal to or greater than 5 percent of such level but less than 10 percent of such level shall be awarded a Federal Pell grant in the amount of 10 percent of such level.*

[(6)(A) The Secretary may allow, on a case-by-case basis, a student to receive 2 Pell grants during a single award year, if—

[(i) the student is enrolled full-time in an associate or baccalaureate degree program of study that is 2 years or longer at an eligible institution that is computed in credit hours; and

[(ii) the student completes course work toward completion of an associate or baccalaureate degree that exceeds the requirements for a full academic year as defined by the institution.

[(B) The Secretary shall promulgate regulations implementing this paragraph.

*(5) In the case of a student who is enrolled, on at least a half-time basis and for a period of more than 1 academic year in a 2-year or 4-year program of instruction for which an institution of higher education awards an associate or baccalaureate degree, the Secretary shall allow such student to receive not more than 2 Federal Pell Grants during a single award year to permit such student to accelerate the student's progress toward a degree by attending additional sessions. In the case of a student receiving more than 1 Federal Pell Grant in a single award year, the total amount of Federal Pell Grants awarded to such student for the award year may exceed the maximum basic grant level specified in the appropriate Appropriation Act for such award year.*

[(7)]*(6)* Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the Federal Pell Grant to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such Federal Pell Grant in any fiscal year shall not exceed the grant level specified in the appropriate Appropriation Act for this subpart of such year. If the preceding sentence applies, the financial aid administrator at the home institution may use the cost of the study aboard program, rather than the home institution's cost, to determine the cost of attendance of the student.

[(8)]*(7)* No Federal Pell Grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) * * *.

* * * * * * *

*(5) The period of time during which a student may receive Federal Pell Grants shall not exceed 18 semesters, or an equivalent period of time as determined by the Secretary pursuant to regulations, which period shall—*

*(A) be determined without regard to whether the student is enrolled on a full-time basis during any portion of the period of time; and*

*(B) include any period of time for which the student received a Federal Pell Grant prior to the date of enactment of the Higher Education Amendments of 2005.*

* * * * * * *

(f) CALCULATION OF ELIGIBILITY.—(1) * * *

* * * * * * *

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the expected family contribution, and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, ⟦to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Education and Workforce of the House of Representatives⟧ *to the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, and the authorizing committees.*

***SEC. 401A. PROVISIONAL GRANT ASSISTANCE PROGRAM.***

*(a) GRANTS.—*

*(1) IN GENERAL.—From amounts appropriated under subsection (e) for a fiscal year and subject to subsection (b), the Secretary shall award grants to students (which shall be known as "ProGAP awards") in the same manner as the Secretary awards grants to students under section 401, except that—*

*(A) at the beginning of each award year, the Secretary shall establish a maximum and minimum award level based on amounts made available under subsection (e);*

*(B) the Secretary shall only award grants under this section to students eligible for a grant under section 401 for the award year; and*

*(C) when determining eligibility for the awards, the Secretary shall consider only those students who are eligible for a grant under section 401, as of June 30 of the award year for which the determination is made.*

*(2) STUDENTS WITH THE GREATEST NEED.—The Secretary shall ensure grants are awarded under this section to students with the greatest need as determined in accordance with section 471.*

*(b) COST OF ATTENDANCE LIMITATION.—A grant awarded under this section for an award year shall be awarded in an amount that does not exceed—*

*(1) the student's cost of attendance for the award year; less*

*(2) an amount equal to the expected family contribution for that student for the award year.*

*(c) SUPPLEMENT NOT SUPPLANT.—Grants awarded from funds made available under subsection (e) shall be used to supplement, and not supplant, other Federal, State, or institutional grant funds.*

*(d) USE OF EXCESS FUNDS.—*

*(1) 15 PERCENT OR LESS.—If, at the end of a fiscal year, the funds available for making grant payments under this section exceed the amount necessary to make the grant payments required under this section to eligible students by 15 percent or less, then all of the excess funds shall remain available for making grant payments under this section during the next succeeding fiscal year.*

*(2) MORE THAN 15 PERCENT.—If, at the end of a fiscal year, the funds available for making grant payments under this section exceed the amount necessary to make the grant payments required under this section to eligible students by more than 15 percent, then all of such funds shall remain available for making such grant payments but grant payments may be made under this paragraph only with respect to awards for that fiscal year.*

*(e) AUTHORIZATION AND APPROPRIATION OF FUNDS.—There are authorized to be appropriated, and there are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Education to carry out this section and section 401B—*

*(1) $1,897,000,000 for fiscal year 2006;*

*(2) $1,901,000,000 for fiscal year 2007;*

*(3) $1,899,000,000 for fiscal year 2008;*

*(4) $1,898,000,000 for fiscal year 2009; and*

*(5) $1,897,000,000 for fiscal year 2010.*

*(f) SUNSET PROVISION.—This section shall be effective with respect to amounts appropriated for fiscal year 2006 and each of the 4 succeeding fiscal years.*

* * * * * * *

***SEC. 401B. NATIONAL SMART GRANTS.***

*(a) FINDINGS.—Congress makes the following findings:*

*(1) If the United States is to remain a world leader in the global economy, its college students must have the training they need to compete for the best jobs of the 21st century.*

*(2) The United States intelligence community faces major shortages in foreign languages critical to national security, and will also require major incentives to fill projected workforce needs.*

*(3) Increasingly, the best jobs of the 21st century will require baccalaureate degrees in the sciences, mathematics, technology, engineering, and foreign languages critical to national security, or be generated by people who have such degrees.*

*(4) Congress should establish a National Science and Mathematics Access to Retain Talent (SMART) grant program to meet the goals described in paragraphs (1) through (3).*

*(b) PURPOSE.—The purpose of this section is to increase the number of postsecondary students from low-income backgrounds who are enrolled in studies leading to baccalaureate degrees in physical, life, or computer sciences, mathematics, technology, engineering, and foreign languages critical to national security.*

*(c) GRANTS AUTHORIZED.—From amounts appropriated under section 401A(c) for a fiscal year, the Secretary shall award grants to eligible students to assist the eligible students in paying their college education expenses.*

*(d) DESIGNATION.—A grant under this section shall be known as a "National Science and Mathematics Access to Retain Talent Grant" or a "National SMART Grant".*

*(e) DEFINITION OF ELIGIBLE STUDENT.—In this section the term "eligible student" means a student who, for the academic year for which the determination is made—*

*(1) is eligible for a Federal Pell Grant; and*

*(2) is in the student's 3rd or 4th year at an institution of higher education majoring in—*

*(A) mathematics, science, technology, or engineering (as determined by the Secretary pursuant to regulations); or*

*(B) a foreign language that the Secretary, in consultation with the Director of National Intelligence, determines is critical to the national security of the United States.*

*(f) GRANT AMOUNT.—The Secretary shall award a grant under this section in an amount that does not exceed $1,500 for an academic year.*

*(g) FUNDING RULE.—The Secretary shall use not more than $450,000,000 of the funds appropriated under section 401A(c) for each of the fiscal years 2006 through 2010 to carry out this section.*

*(h) UNOBLIGATED FUNDS AVAILABLE FOR FEDERAL GRANT ASSISTANCE.—The Secretary shall make any funds made available under subsection (g) for a fiscal year that remain unobligated at the end of the fiscal year available to carry out section 401A.*

*(i) MATCHING ASSISTANCE.—An institution of higher education may, from funds provided from private sources, provide additional assistance to a student receiving a grant under this section, except that the total assistance provided under this title to a student shall not exceed the student's cost of attendance.*

* * * * * * *

## Subpart 2—Federal Early Outreach and Student Service Programs

## CHAPTER 1—FEDERAL TRIO PROGRAMS

**SEC. 402A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.**

(a) GRANTS AND CONTRACTS AUTHORIZED.— * * *

(b) RECIPIENTS, DURATION, AND SIZE.—

(1) RECIPIENTS.— * * *

(2) DURATION.—Grants or contracts made under this chapter shall be awarded for a period of **[**4**]** *5* years, except that—

**[**(A) the Secretary shall award such grants or contracts for 5 years to applicants whose peer review scores were in the highest 10 percent of scores of all applicants receiving grants or contracts in each program competition for the same award year;**]**

**[**(B)**]** *(A)* grants made under section 402G shall be awarded for a period of 2 years; and

**[**(C)**]** *(B)* grants under section 402H shall be awarded for a period determined by the Secretary.

[(3) Minimum GRANTS.—Unless the institution or agency requests a smaller amount, individual grants under this chapter shall be no less than—

[(A) $170,000 for programs authorized by sections 402D and 402G;

[(B) $180,000 for programs authorized by sections 402B and 402F; and

[(C) $190,000 for programs authorized by sections 402C and 402E.]

*(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, an individual grant authorized under this chapter shall be awarded in an amount that is not less than $200,000, except that an individual grant authorized under section 402G shall be awarded in an amount that is not less than $170,000.*

(c) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

(1) APPLICATION REQUIREMENTS.— * * *

(2) PRIOR EXPERIENCE.—In making grants under this chapter, the Secretary shall consider each applicant's prior experience of [service delivery] *high quality service delivery, as determined under subsection (f),* under the particular program for which funds are sought. The level of consideration given the factor of prior experience shall not vary from the level of consideration given such factor during fiscal years 1994 through 1997, except that grants made under section 402H shall not be given prior experience consideration.

(3) ORDER OF AWARDS; PROGRAM FRAUD.—(A) * * *

(B) The Secretary [is not required to] *shall not* provide assistance to a program otherwise eligible for assistance under this chapter, if the Secretary has determined that such program has involved the fraudulent use of funds under this chapter.

(4) PEER REVIEW PROCESS.—(A) * * *

* * * * * * *

(5) NUMBER OF APPLICATIONS FOR GRANTS AND CONTRACTS.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this chapter if the additional applications describe programs serving different populations or [campuses] *different campuses*.

* * * * * * *

(e) DOCUMENTATION OF STATUS AS A LOW-INCOME INDIVIDUAL.—(Except in the case of an independent student, as defined in section 480(d), documentation of an individual's status pursuant to subsection [(g)(2)] *(h)(4)* shall be made by providing the Secretary with—

(A) * * *

* * * * * * *

(2) In the case of an independent student, as defined in section 480(d), documentation of an individual's status pursuant to subsection [(g)(2)] *(h)(4)* shall be made by providing the Secretary with—

(A) * * *

* * * * * * *

*(f) OUTCOME CRITERIA.—*

*(1) IN GENERAL.—The Secretary, by regulation, shall establish outcome criteria for measuring, annually and for longer periods, the quality and effectiveness of programs authorized under this chapter.*

*(2) USE FOR PRIOR EXPERIENCE DETERMINATION.—The outcome criteria under paragraph (1) shall be used to evaluate the programs provided by a recipient of a grant under this chapter, and the Secretary shall determine an eligible entity's prior experience of high quality service delivery, as required in subsection (c)(2), based on the outcome criteria.*

*(3) CONSIDERATION OF RELEVANT DATA.—The outcome criteria under this subsection shall take into account data pertaining to secondary school completion, postsecondary education enrollment, and postsecondary education completion for low-income students, first generation college students, and individuals with disabilities, in the schools and institutions of higher education served by the program to be evaluated.*

*(4) CONTENTS OF OUTCOME CRITERIA.—The outcome criteria shall include the following:*

*(A) For programs authorized under section 402B, whether the eligible entity met or exceeded the entity's objectives established in the entity's application for such program regarding—*

*(i) the delivery of service to a total number of students served by the program;*

*(ii) the continued secondary school enrollment of such students;*

*(iii) the graduation of such students from secondary school; and*

*(iv) the enrollment of such students in an institution of higher education.*

*(B) For programs authorized under section 402C, whether the eligible entity met or exceeded its objectives for such program regarding—*

*(i) the delivery of service to a total number of students served by the program, as agreed upon by the entity and the Secretary for the period;*

*(ii) such students' school performance, as measured by the grade point average, or its equivalent;*

*(iii) such students' academic performance, as measured by standardized tests, including tests required by the students' State;*

*(iv) the retention in, and graduation from, secondary school of such students; and*

*(v) the enrollment of such students in an institution of higher education.*

*(C) For programs authorized under section 402D—*

*(i) whether the eligible entity met or exceeded the entity's objectives regarding the retention in postsecondary education of the students served by the program;*

*(ii)(I) in the case of an entity that is an institution of higher education offering a baccalaureate degree, the extent to which the entity met or exceeded the entity's*

*objectives regarding such students' completion of the degree programs in which such students were enrolled; or*

*(II) in the case of an entity that is an institution of higher education that does not offer a baccalaureate degree, the extent to which the entity met or exceeded the entity's objectives regarding—*

*(aa) the completion of a degree or certificate by such students; and*

*(bb) the transfer of such students to institutions of higher education that offer baccalaureate degrees;*

*(iii) whether the entity met or exceeded the entity's objectives regarding the delivery of service to a total number of students, as agreed upon by the entity and the Secretary for the period; and*

*(iv) whether the applicant met or exceeded the entity's objectives regarding such students remaining in good academic standing.*

*(D) For programs authorized under section 402E, whether the entity met or exceeded the entity's objectives for such program regarding—*

*(i) the delivery of service to a total number of students, as agreed upon by the entity and the Secretary for the period;*

*(ii) the provision of appropriate scholarly and research activities for the students served by the program;*

*(iii) the acceptance and enrollment of such students in graduate programs; and*

*(iv) the attainment of doctoral degrees by former program participants.*

*(E) For programs authorized under section 402F, whether the entity met or exceeded the entity's objectives for such program regarding—*

*(i) the enrollment of students without a secondary school diploma or its recognized equivalent, who were served by the program, in programs leading to such diploma or equivalent;*

*(ii) the enrollment of secondary school graduates who were served by the program in programs of postsecondary education;*

*(iii) the delivery of service to a total number of students, as agreed upon by the entity and the Secretary for the period; and*

*(iv) the provision of assistance to students served by the program in completing financial aid applications and college admission applications.*

**[**(f)**]** *(g)* AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated **[**$700,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.* Of the amount appropriated under this chapter, the Secretary may use no more than ½ of 1

percent of such amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees. In expending these funds, the Secretary shall give priority to the additional administrative requirements provided in the Higher Education Amendments of 1992, to outreach activities, and to obtaining additional readers. [The Secretary shall report to Congress by October 1, 1994, on the use of these funds.]

[(g)] *(h)* DEFINITIONS.—For the purpose of this chapter:

*(1) DIFFERENT CAMPUS.—The term "different campus" means a site of an institution of higher education that—*

*(A) is geographically apart from the main campus of the institution;*

*(B) is permanent in nature; and*

*(C) offers courses in educational programs leading to a degree, certificate, or other recognized educational credential.*

*(2) DIFFERENT POPULATION.—The term "different population" means a group of individuals, with respect to whom an eligible entity desires to serve through an application for a grant under this chapter, that—*

*(A) is separate and distinct from any other population that the entity has applied for a grant under this chapter to serve; or*

*(B) while sharing some of the same needs as another population that the eligible entity has applied for a grant under this chapter to serve, has distinct needs for specialized services.*

[(1)] *(3)* FIRST GENERATION COLLEGE STUDENT.—The term "first generation college student" means—

(A) * * *

(B) * * *

[(2)] *(4)* LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

[(3)] *(5)* VETERAN ELIGIBILITY.—No veteran shall be deemed ineligible to participate in any program under this chapter by reason of such individual's age who—

(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; [or]

(B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability[.]*; or*

*"(C) was a member of a reserve component of the Armed Forces called to active duty for a period of more than 180 days.*

[(4)] *(6)* WAIVER.—The Secretary may waive the service requirements in [subparagraph (A) or (B) of paragraph (3)] *subparagraph (A), (B), or (C) of paragraph (5)* if the Secretary de-

termines the application of the service requirements to a veteran will defeat the purpose of a program under this chapter.

* * * * * * *

**SEC. 402B. TALENT SEARCH.**

(a) Program Authority.—The Secretary shall carry out a program to be known as talent search which shall be designed—

(1) [to identify qualified youths with potential for education at the postsecondary level and to encourage such youths] *to encourage eligible youths* to complete secondary school and to undertake a program of postsecondary education;

(2) to publicize the availability of*, and facilitate the application for,* student financial assistance available to persons who pursue a program of postsecondary education; and

(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level[, but who have the ability to complete such programs, to reenter] *to enter or reenter, and complete* such programs.

[(b) Permissible Services.—Any talent search project assisted under this chapter may provide services such as—

[(1) academic advice and assistance in secondary school and college course selection;

[(2) assistance in completing college admission and financial aid applications;

[(3) assistance in preparing for college entrance examinations;

[(4) guidance on and assistance in secondary school reentry, entry to general educational development (GED) programs, other alternative education programs for secondary school dropouts, or postsecondary education;

[(5) personal and career counseling, or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented;

[(6) tutorial services;

[(7) exposure to college campuses as well as cultural events, academic programs and other sites or activities no usually available to disadvantaged youth;

[(8) workshops and counseling for families of students served;

[(9) mentoring programs involving elementary or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons; and

[(10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.]

*(b) REQUIRED SERVICES.—Any project assisted under this section shall provide—*

*(1) academic tutoring, or connections to high quality academic tutoring services, to enable students to complete secondary or postsecondary courses, which may include instruction in reading, writing, study skills, mathematics, science, and other subjects;*

*(2) advice and assistance in secondary course selection and, if applicable, initial postsecondary course selection;*

*(3) assistance in preparing for college entrance examinations and completing college admission applications;*

*(4)(A) information on both the full range of Federal student financial aid programs (including Federal Pell Grant awards and loan forgiveness) and resources for locating public and private scholarships; and*

*(B) assistance in completing financial aid applications, including the Free Application for Federal Student Aid described in section 483(a);*

*(5) guidance on and assistance in—*

*(A) secondary school reentry;*

*(B) alternative education programs for secondary school dropouts that lead to the receipt of a regular secondary school diploma;*

*(C) entry into general educational development (GED) programs; or*

*(D) postsecondary education; and*

*(6) education or counseling services designed to improve the financial literacy and economic literacy of students or their parents, including financial planning for postsecondary education.*

*(c) PERMISSIBLE SERVICES.—Any project assisted under this section may provide services such as—*

*(1) personal and career counseling or activities;*

*(2) information and activities designed to acquaint youths with the range of career options available to the youths;*

*(3) exposure to the campuses of institutions of higher education, as well as cultural events, academic programs, and other sites or activities not usually available to disadvantaged youth;*

*(4) workshops and counseling for families of students served;*

*(5) mentoring programs involving elementary or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons; and*

*(6) programs and activities as described in subsection (b) or paragraphs (1) through (5) of this subsection that are specially designed for students who are limited English proficient, students with disabilities, students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a)), or students who are in foster care or are aging out of the foster care system.*

**[**(c)**]** *(d)* REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for **[**talent search projects under this chapter**]** *projects under this section* for any fiscal year the Secretary shall—
* * *

* * * * * * *

**SEC. 402C. UPWARD BOUND.**

(a) PROGRAM AUTHORITY.—* * *

**[**(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under this chapter may provide services such as—

[(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond secondary school;

[(2) counseling and workshops;

[(3) academic advice and assistance in secondary school course selection;

[(4) tutorial services;

[(5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

[(6) activities designed to acquaint youths participating in the project with the range of career options available to them;

[(7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

[(8) on-campus residential programs;

[(9) mentoring programs involving elementary or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons;

[(10) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree;

[(11) special services to enable veterans to make the transition to postsecondary education; and

[(12) programs and activities as described in paragraphs (1) through (11) which are specially designed for students of limited English proficiency.]

*(b) REQUIRED SERVICES.—Any project assisted under this section shall provide—*

*(1) academic tutoring to enable students to complete secondary or postsecondary courses, which may include instruction in reading, writing, study skills, mathematics, science, and other subjects;*

*(2) advice and assistance in secondary and postsecondary course selection;*

*(3) assistance in preparing for college entrance examinations and completing college admission applications;*

*(4)(A) information on both the full range of Federal student financial aid programs (including Federal Pell Grant awards and loan forgiveness) and resources for locating public and private scholarships; and*

*(B) assistance in completing financial aid applications, including the Free Application for Federal Student Aid described in section 483(a);*

*(5) guidance on and assistance in—*

*(A) secondary school reentry;*

*(B) alternative education programs for secondary school dropouts that lead to the receipt of a regular secondary school diploma;*

*(C) entry into general educational development (GED) programs; or*

*(D) postsecondary education; and*

*(6) education or counseling services designed to improve the financial literacy and economic literacy of students, including financial planning for postsecondary education.*

(c) [REQUIRED SERVICES] *ADDITIONAL REQUIRED SERVICES FOR MULTIPLE YEAR GRANT RECIPIENTS*.—Any [upward bound project assisted under this chapter] *project assisted under this section* which has received funding for two or more years shall include, as part of the core curriculum in the next and succeeding years, instruction in mathematics through precalculus, laboratory science, foreign language, composition, and literature.

*(d) PERMISSIBLE SERVICES.—Any project assisted under this section may provide such services as—*

*(1) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;*

*(2) information, activities and instruction designed to acquaint youths participating in the project with the range of career options available to the youths;*

*(3) on-campus residential programs;*

*(4) mentoring programs involving elementary school or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons;*

*(5) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree;*

*(6) special services to enable veterans to make the transition to postsecondary education; and*

*(7) programs and activities as described in subsection (b), subsection (c), or paragraphs (1) through (6) of this subsection that are specially designed for students who are limited English proficient, students with disabilities, students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a)), or students who are in foster care or are aging out of the foster care system.*

[(d)] *(e)* REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for [upward bound projects under this chapter] *projects under this section* for any fiscal year, the Secretary shall— * * *

* * * * * * *

[(e)] *(f)* MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $60 per month [during June, July, and August] *during the summer school recess, for a period not to exceed 3 months*, except that youth participating in a work-study position under subsection [(b)(10)] *(d)(5)* may be paid a stipend of $300 per month [during June, July, and August] *during the summer school recess, for a period not to exceed 3 months*. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $40 per month during the remaining period of the year.

* * * * * * *

**SEC. 402D. STUDENT SUPPORT SERVICES.**

(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as student support services which shall be designed—

(1) * * *

(2) to increase the transfer rates of eligible students from 2-year to 4-year institutions; [and]

[(3) to foster an institutional climate supportive of the success of low-income and first generation college students and individuals with disabilities.]

*(3) to foster an institutional climate supportive of the success of low-income and first generation college students, students with disabilities, students who are limited English proficient, students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a)), and students who are in foster care or are aging out of the foster care system.*

*(4) to improve the financial literacy and economic literacy of students, including—*

*(A) basic personal income, household money management, and financial planning skills; and*

*(B) basic economic decisionmaking skills.*

[(b) PERMISSIBLE SERVICES.—A student support services project assisted under this chapter may provide services such as—

[(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond secondary school;

[(2) personal counseling;

[(3) academic advice and assistance in course selection;

[(4) tutorial services and counseling and peer counseling;

[(5) exposure to cultural events and academic programs not usually available to disadvantaged students;

[(6) activities designed to acquaint students participating in the project with the range of career options available to them;

[(7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

[(8) activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education;

[(9) mentoring programs involving faculty or upper class students, or a combination thereof; and

[(10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.]

*(b) REQUIRED SERVICES.—A project assisted under this section shall provide—*

*(1) academic tutoring to enable students to complete postsecondary courses, which may include instruction in reading, writing, study skills, mathematics, science, and other subjects;*

*(2) advice and assistance in postsecondary course selection;*

*(3)(A) information on both the full range of Federal student financial aid programs (including Federal Pell Grant awards and loan forgiveness) and resources for locating public and private scholarships; and*

*(B) assistance in completing financial aid applications, including the Free Application for Federal Student Aid described in section 483(a);*

*(4) education or counseling services designed to improve the financial literacy and economic literacy of students, including financial planning for postsecondary education;*

*(5) activities designed to assist students participating in the project in securing college admission and financial assistance for enrollment in graduate and professional programs; and*

*(6) activities designed to assist students enrolled in 2-year institutions of higher education in securing admission and financial assistance for enrollment in a 4-year program of postsecondary education.*

*(c) PERMISSIBLE SERVICES.—A project assisted under this section may provide services such as—*

*(1) consistent, individualized personal, career, and academic counseling, provided by assigned counselors;*

*(2) information, activities, and instruction designed to acquaint youths participating in the project with the range of career options available to the students;*

*(3) exposure to cultural events and academic programs not usually available to disadvantaged students;*

*(4) activities designed to acquaint students participating in the project with the range of career options available to the students;*

*(5) mentoring programs involving faculty or upper class students, or a combination thereof;*

*(6) securing temporary housing during breaks in the academic year for students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a)) or were formerly homeless children and youths and students who are in foster care or are aging out of the foster care system; and*

*(7) programs and activities as described in subsection (b) or paragraphs (1) through (5) of this subsection that are specially designed for students who are limited English proficient, students with disabilities, students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a)) or were formerly homeless children and youths, or students who are in foster care or are aging out of the foster care system.*

**[**(c)**]** *(d)* SPECIAL RULE.—

(1) USE FOR STUDENT AID.—A recipient of a grant that undertakes any of the permissible services identified in **[**subsection (b)**]** *subsection (c)* may, in addition, use such funds to provide grant aid to students. A grant provided under this paragraph shall not exceed the maximum appropriated Pell Grant or, be less than the minimum appropriated Pell Grant, for the current academic year. In making grants to students under this subsection, an institution shall ensure that adequate consultation takes place between the student support service program office and the institution's financial aid office.

* * * * * * *

**[**(d)**]** *(e)* REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for **[**student support services projects under this chapter**]** *projects under this section* for any fiscal year, the Secretary shall—

(1) * * *

* * * * * * *

**SEC. 402E. POSTBACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.**

(a) PROGRAM AUTHORITY.— * * *

(b) *REQUIRED SERVICES.*—**[**A postbaccalaureate achievement project assisted under this section may provide services such as—**]** *A project assisted under this section shall provide—*

(1) * * *

* * * * * * *

(5) academic counseling; *and*

(6) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs**[**;**]** .

**[**(7) mentoring programs involving faculty members at institutions of higher education, students, or any combination of such persons; and

**[**(8) exposure to cultural events and academic programs not usually available to disadvantaged students.**]**

*(c) PERMISSIBLE SERVICES.—A project assisted under this section may provide services such as—*

*(1) education or counseling services designed to improve the financial literacy and economic literacy of students or their parents, including financial planning for postsecondary education;*

*(2) mentoring programs involving faculty members at institutions of higher education, students, or any combination of such persons; and*

*(3) exposure to cultural events and academic programs not usually available to disadvantaged students.*

**[**(c)**]** *(d)* REQUIREMENTS.—In approving applications for **[**postbaccalaureate achievement**]** projects assisted under this section for any fiscal year, the Secretary shall require—

(1) * * *

* * * * * * *

**[**(d)**]** *(e)* AWARD CONSIDERATIONS.—In addition to such other selection criteria as may be prescribed by regulations, the Secretary shall consider in making awards to institutions under this section—

(1) * * *

* * * * * * *

**[**(e)**]** *(f)* MAXIMUM STIPENDS.—Students participating in research under a **[**postbaccalaureate achievement project**]** *project under this section* may receive an award that—

(1) * * *

* * * * * * *

**[**(f)**]** *(g)* FUNDING.—From amounts appropriated pursuant to the authority of section **[**402A(f)**]** *402A(g)*, the Secretary shall to the extent practicable, allocate funds for projects authorized by this section in an amount which is not less than $11,000,000 for each of the fiscal years **[**1993 through 1997**]** *2006 through 2010*.

* * * * * * *

**SEC. 402F. EDUCATIONAL OPPORTUNITY CENTERS.**

(a) PROGRAM AUTHORITY; SERVICES PROVIDED.—* * *

(1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; **[**and**]**

(2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers**[**.**]** *; and*

*(3) to improve the financial literacy and economic literacy of students, including—*

*(A) basic personal income, household money management, and financial planning skills; and*

*(B) basic economic decisionmaking skills.*

(b) PERMISSIBLE SERVICES.—An educational opportunity center assisted under this section may provide services such as—

(1) * * *

* * * * * * *

(4) * * *

*(5) education or counseling services designed to improve the financial literacy and economic literacy of students;*

**[**(5)**]** *(6)* guidance on secondary school reentry or entry to a general educational development (GED) program or other alternative education programs for secondary school dropouts;

**[**(6)**]** *(7)* personal counseling;**]**

*(7) individualized personal, career, and academic counseling;*

**[**(7)**]** *(8)* tutorial services;

**[**(8)**]** *(9)* career workshops and counseling;

**[**(9)**]** *(10)* mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

**[**(10)**]** *(11)* programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.**]**

*(11) programs and activities as described in paragraphs (1) through (10) that are specially designed for students who are limited English proficient, students with disabilities, or students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434(a)), or programs and activities for students who are in foster care or are aging out of the foster care system.*

* * * * * * *

**SEC. 402G. STAFF DEVELOPMENT ACTIVITIES.**

(a) SECRETARY'S AUTHORITY.— * * *

(b) CONTENTS OF TRAINING PROGRAMS.— * * *

(1) * * *

* * * * * * *

(3) The design and operation of model programs for projects funded under this chapter*, including strategies for recruiting and serving students who are homeless children and youths (as such term is defined in section 725 of the McKinney-Vento*

*Homeless Assistance Act (42 U.S.C. 11434a)) and students who are in foster care or are aging out of the foster care system.*

* * * * * * *

**SEC. 402H. [EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.] *REPORTS, EVALUATIONS, AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION.***

*(a) REPORT TO CONGRESS.—At least once every 2-year period, the Secretary shall prepare and submit to Congress a report on the outcomes achieved by the programs authorized under this chapter. Such report shall include a statement for the preceding fiscal year specifying—*

*(1) the number of grants awarded during each fiscal year, and the number of individuals served by the programs carried out under such grants;*

*(2) the number of entities that received grants during the fiscal year, including the number of entities that—*

*(A) received a grant to carry out a program under this chapter for the fiscal year; and*

*(B) had not received funding for that particular program during the previous grant cycle;*

*(3) a comparison of the number and percentage of grant awards made to entities described in paragraph (2), with the number of such entities funded through discretionary grant competitions conducted by the Secretary under this chapter in the 3 grant cycles preceding the fiscal year;*

*(4) information on the number of individuals served in each program authorized under this chapter; and*

*(5) information on the outcomes achieved by each program authorized under this chapter, including the outcome criteria described in section 402A(f) for each program.*

[(a)] *(b)* EVALUATIONS.—

(1) IN GENERAL.— * * *

* * * * * * *

[(b)] *(c)* GRANTS.— * * *

* * * * * * *

[(c)] *(d)* RESULTS.—* * *

* * * * * * *

## CHAPTER 2—GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS

**SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.**

[(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

[(1) encourages eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary school diploma (or its recognized equivalent), of the financial assistance necessary to permit the students to attend an institution of higher education; and

[(2) supports eligible entities in providing—

[(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary school, middle school, and secondary school students who are at risk of dropping out of school; and

[(B) information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents.]

*(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that encourages eligible entities to provide support to eligible low-income students to assist the students in obtaining a secondary school diploma (or its recognized equivalent) and to prepare for and succeed in postsecondary education, by providing—*

*(1) financial assistance, academic support, additional counseling, mentoring, outreach, and supportive services to middle school and secondary school students to reduce—*

*(A) the risk of such students dropping out of school; or*

*(B) the need for remedial education for such students at the postsecondary level; and*

*(2) information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents.*

(b) AWARDS.—

(1) IN GENERAL.—From funds appropriated under section [404H] *404G* for each fiscal year, the Secretary shall make awards to eligible entities described in paragraphs (1) and (2) of subsection (c) to enable the entities to carry out the program authorized under subsection (a).

(2) PRIORITY.—In making awards to eligible entities described in paragraph (c)(1), the Secretary shall—

[(A) give priority to eligible entities that—

[(i) on the day before the date of enactment of the Higher Education Amendments of 1998, carried out successful educational opportunity programs under this chapter (as this chapter was in effect on such day); and

[(ii) have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies;]

*(A) give priority to eligible entities that have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies;*

* * * * * * *

(c) DEFINITION OF ELIGIBLE ENTITY.—For the purposes of this chapter, the term "eligible entity" means—

(1) a State; or

[(2) a partnership consisting of—

[(A) one or more local educational agencies acting on behalf of—

[(i) one or more elementary schools or secondary schools; and

[(ii) the secondary schools that students from the schools described in clause (i) would normally attend;

[(B) one or more degree granting institutions of higher education; and

[(C) at least two community organizations or entities, such as business, professional associations, community-based organizations, philanthropic organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.]

*(2) a partnership—*

*(A) consisting of—*

*(i) 1 or more local educational agencies; and*

*(ii) 1 or more degree granting institutions of higher education; and*

*(B) which may include not less than 2 other community organizations or entities, such as businesses, professional organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.*

* * * * * * *

**SEC. 404B. REQUIREMENTS**

[(a) FUNDING RULES.—

[(1) CONTINUATION AWARDS.—From the amount appropriated under section [404H] *404 G* for a fiscal year, the Secretary shall continue to award grants to States under this chapter (as this chapter was in effect on the day before the date of enactment of the Higher Education Amendments on 1998) in accordance with the terms and conditions of such grants.

[(2) DISTRIBUTION.—From the amount appropriated under section 404H that remains after making continuation awards under paragraph (1) for a fiscal year, the Secretary shall—

[(A) make available—

[(i) not less than 33 percent of the amount to eligible entities described in section 404A(c)(1); and

*[(ii) not less than 33 percent of the amount to eligible entities described in section 404A(c)(2); and*

*[(B) award the remainder of the amount to eligible entities described in paragraph (1) or (2) of section 404A(c).*

*[(3) SPECIAL RULE.—The Secretary shall annually reevaluate the distribution of funds described in paragraph (2)(B) based on number, quality, and promise of the applications and adjust the distribution accordingly.]*

*(a) FUNDING RULES.—*

*(1) DISTRIBUTION.—In awarding grants from the amount appropriated under section 404G for a fiscal year, the Secretary shall take into consideration—*

*(A) the geographic distribution of such awards; and*

*(B) the distribution of such awards between urban and rural applicants.*

*(2) SPECIAL RULE.—The Secretary shall annually reevaluate the distribution of funds described in paragraph (1) based on number, quality, and promise of the applications.*

[(b) LIMITATION.—Each eligible entity described in section 404A(c)(1), and each eligible described in section 404A(c)(2) that conducts a scholarship component under section 404E, shall use

not less than 25 percent and not more than 50 percent of grant funds received under this chapter for the early intervention component of an eligible entity's program under this chapter, except that the Secretary may waive the 50 percent limitation if the eligible entity demonstrate that the eligible entity has another means of providing the students with financial assistance that is described in the plan submitted under section 404C.]

[(c)]*(b)* COORDINATION.— * * *

* * * * * * *

[(d)]*(c)* DESIGNATION OF FISCAL AGENT.— * * *

[(e) COORDINATORS.—An eligible entity described in section 404A(c)(2) shall have a full-time program coordinator or a part-time program coordinator, whose primary responsibility is a project under section 404C.

[(f) DISPLACEMENT.—An eligible entity descried in 404A(c)(2) shall ensure that the activities assisted under this chapter will not displace an employee or eliminate a position at a school assisted under this chapter, including a partial displacement such as reduction in hours, wages or employment benefits.]

[(g)*(d)* COHORT APPROACH.—

(1) IN GENERAL.—The Secretary shall require that eligible entities described in section 404A(c)(2)—

(A) * * *

* * * * * * *

*(e) SUPPLEMENT, NOT SUPPLANT.—Grant funds awarded under this chapter shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to carry out activities assisted under this chapter.*

**SEC. 404C. [ELIGIBLE ENTITY PLANS] APPLICATIONS**.

(a) [Plan] *APPLICATION* REQUIRED FOR ELIGIBILITY.—

[(1) IN GENERAL.—In order for an eligible entity to qualify for a grant under this chapter, the eligible entity shall submit to the Secretary [a plan] *an application* for carrying out the program under this chapter. [Such plan shall provide for the conduct of a scholarship component if required or undertaken pursuant to section 404E and an early intervention component required pursuant to section 404D.]

[(2) CONTENTS.—Each plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation. Each such plan shall—

[(A) describe the activities for which assistance under this chapter is sought; and

[(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter.]

*(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require. Each such application shall, at a minimum—*

*(A) describe the activities for which assistance under this chapter is sought, including how the eligible entity will*

*carry out the required activities described in section 404D(a);*

*(B) describe how the eligible agency will meet the requirements of section 404E;*

*(C) provide assurances that adequate administrative and support staff will be responsible for coordinating the activities described in section 404D;*

*(D) ensure that activities assisted under this chapter will not displace an employee or eliminate a position at a school assisted under this chapter, including a partial displacement such as a reduction in hours, wages or employment benefits;*

*(E) describe, in the case of an eligible entity described in section 404A(c)(2), how the eligible entity will define the cohorts of the students served by the eligible entity pursuant to section 404B(d), and how the eligible entity will serve the cohort through grade 12, including—*

*(i) how vacancies in the program under this chapter will be filled; and*

*(ii) how the eligible entity will serve students attending different secondary schools;*

*(F) describe how the eligible entity will coordinate programs with other existing Federal, State, or local programs to avoid duplication and maximize the number of students served;*

*(G) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter; and*

*(H) provide information about the activities that will be carried out by the eligible entity to support systemic changes from which future cohorts of students will benefit.*

(b) MATCHING REQUIREMENT.—

(1) IN GENERAL.—The Secretary shall not approve [a plan] *an application* submitted under subsection (a) unless [such plan] *such application*—

(A) * * *

* * * * * * *

(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—An eligible entity may count toward the matching requirement described in subsection (b)(1)(A)—

(1) the amount of the financial assistance paid to students from State, local, institutional, or private funds under this chapter[;] *including*—

*(A) the amount contributed to a student scholarship fund established under section 404E; and*

*(B) the amount of the costs of administering the scholarship program under section 404E;*

* * * * * * *

**[SEC. 404D. EARLY INTERVENTION.**

[(a) SERVICES.—

[(1) IN GENERAL.—In order to receive a grant under this chapter, an eligible entity shall demonstrate to the satisfaction of the Secretary, in the plan submitted under section 404C, that the eligible entity will provide comprehensive mentoring,

counseling, outreach, and supportive services to students participating in programs under this chapter. Such counseling shall include—

[(A) financial aid counseling and information regarding the opportunities for financial assistance under this title; and

[(B) activities or information regarding—

[(i) fostering and improving parent involvement in promoting the advantages of a college education, academic admission requirements, and the need to take college preparation courses;

[(ii) college admissions and achievement tests; and

[(iii) college application procedures.

[(2) METHODS.—The eligible entity shall demonstrate in such plan, pursuant to regulations of the Secretary, the methods by which the eligible entity will target services on priority students described in subsection (c), if applicable.

[(b) USES OF FUNDS.—

[(1) IN GENERAL.—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a).

[(2) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

[(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

[(i) is coordinated with the Federal and State community service initiatives; and

[(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring, and academic counseling.

[(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory progress described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each eligible entity.

[(C) Activities designed to ensure secondary school completion and college enrollment of at-risk children, such as identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement, providing former or current scholarship recipients as mentor or peer counselors, skills assessment, providing access to rigorous core courses that reflect challenging academic standards, personal counseling, family counseling and home visits, staff development, and programs and activities described in this subparagraph that are specially designed for students of limited English proficiency.

[(D) Summer programs for individuals who are in their sophomore or junior years of secondary school or are plan-

ning to attend an institution of higher education in the succeeding academic year that—

[(i) are carried out at an institution of higher education that has programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

[(ii) provide for the participation of the individuals who are eligible for assistance under section 402D or who are eligible for comparable programs funded by the State;

[(iii)(I) provide summer instruction in remedial, developmental or supportive courses;

[(II) provide such summer services as counseling, tutoring, or orientation; and

[(III) provide financial assistance to the individuals to cover the individuals' summer costs for books, supplies, living costs, and personal expenses; and

[(iv) provide the individuals with financial assistance during each academic year the individuals are enrolled at the participating institution after the summer program.

[(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purpose of this section.

[(c) PRIORITY STUDENTS.—For eligible entities not using a cohort approach, the eligible entity shall treat as priority students any student in preschool through grade 12 who is eligible—

[(1) to be counted under section 1124(c) of the Elementary and Secondary Education Act of 1965;

[(2) for free or reduced price meals under the Richard B. Russell National School Lunch Act; or

[(3) for assistance pursuant to part A of title IV of the Social Security Act.

[(d) ALLOWABLE PROVIDERS.—In the case of eligible entities described in section 404(c)(1), the activities required by this section may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4, and other organizations the State deems appropriate.]

***SEC. 404D. ACTIVITIES.***

*(a) REQUIRED ACTIVITIES.—Each eligible entity receiving a grant under this chapter shall carry out the following:*

*(1) Provide information regarding financial aid for postsecondary education to participating students in the cohort described in subsection 404B(d)(1)(A).*

*(2) Encourage student enrollment in rigorous and challenging curricula and coursework, in order to reduce the need for remedial coursework at the postsecondary level.*

*(3) Support activities designed to improve the number of participating students who—*

*(A) obtain a secondary school diploma; and*

*(B) complete applications for and enroll in a program of postsecondary education.*

*(4) In the case of an eligible entity described in section 404A(c)(1), provide for the scholarships described in section 404E.*

*(b) OPTIONAL ACTIVITIES FOR STATES AND PARTNERSHIPS.—An eligible entity that receives a grant under this chapter may use grant funds to carry out 1 or more of the following activities:*

*(1) Providing tutoring and supporting mentors, including adults or former participants of a program under this chapter, for eligible students.*

*(2) Conducting outreach activities to recruit priority students described in subsection (d) to participate in program activities.*

*(3) Providing supportive services to eligible students.*

*(4) Supporting the development or implementation of rigorous academic curricula, which may include college preparatory, Advanced Placement, or International Baccalaureate programs, and providing participating students access to rigorous core courses that reflect challenging State academic standards.*

*(5) Supporting dual or concurrent enrollment programs between the secondary school and institution of higher education partners of an eligible entity described in section 404A(c)(2), and other activities that support participating students in—*

*(A) meeting challenging academic standards;*

*(B) successfully applying for postsecondary education;*

*(C) successfully applying for student financial aid; and*

*(D) developing graduation and career plans.*

*(6) Providing support for scholarships described in section 404E.*

*(7) Introducing eligible students to institutions of higher education, through trips and school-based sessions.*

*(8) Providing an intensive extended school day, school year, or summer program that offers—*

*(A) additional academic classes; or*

*(B) assistance with college admission applications.*

*(9) Providing other activities designed to ensure secondary school completion and postsecondary education enrollment of at-risk children, such as—*

*(A) the identification of at-risk children;*

*(B) after-school and summer tutoring;*

*(C) assistance to at-risk children in obtaining summer jobs;*

*(D) academic counseling;*

*(E) volunteer and parent involvement;*

*(F) encouraging former or current participants of a program under this chapter to serve as peer counselors;*

*(G) skills assessments;*

*(H) personal counseling;*

*(I) family counseling and home visits;*

*(J) staff development; and*

*(K) programs and activities described in this subsection that are specially designed for students who are limited English proficient.*

*(10) Enabling eligible students to enroll in Advanced Placement or International Baccalaureate courses, or college entrance examination preparation courses.*

*(11) Providing services to eligible students in the participating cohort described in section 404B(d)(1)(A), through the first year of attendance at an institution of higher education.*

*(c) ADDITIONAL OPTIONAL ACTIVITIES FOR STATES.—In addition to the required activities described in subsection (a) and the optional activities described in subsection (b), an eligible entity described in section 404A(c)(1) receiving funds under this chapter may use grant funds to carry out 1 or more of the following activities:*

*(1) Providing technical assistance to—*

*(A) middle schools or secondary schools that are located within the State; or*

*(B) partnerships described in section 404A(c)(2) that are located within the State.*

*(2) Providing professional development opportunities to individuals working with eligible cohorts of students described in section 404B(d)(1)(A).*

*(3) Providing strategies and activities that align efforts in the State to prepare eligible students for attending and succeeding in postsecondary education, which may include the development of graduation and career plans.*

*(4) Disseminating information on the use of scientifically based research and best practices to improve services for eligible students.*

*(5)(A) Disseminating information on effective coursework and support services that assist students in obtaining the goals described in subparagraph (B)(ii).*

*(B) Identifying and disseminating information on best practices with respect to—*

*(i) increasing parental involvement; and*

*(ii) preparing students, including students with disabilities and students who are limited English proficient, to succeed academically in, and prepare financially for, postsecondary education.*

*(6) Working to align State academic standards and curricula with the expectations of postsecondary institutions and employers.*

*(7) Developing alternatives to traditional secondary school that give students a head start on attaining a recognized postsecondary credential (including an industry certificate, an apprenticeship, or an associate's or a bachelor's degree), including school designs that give students early exposure to college-level courses and experiences and allow students to earn transferable college credits or an associate's degree at the same time as a secondary school diploma.*

*(8) Creating community college programs for drop-outs that are personalized drop-out recovery programs that allow drop-outs to complete a regular secondary school diploma and begin college-level work.*

*(d) PRIORITY STUDENTS.—For eligible entities not using a cohort approach, the eligible entity shall treat as priority students any student in middle or secondary school who is eligible—*

*(1) to be counted under section 1124(c) of the Elementary and Secondary Education Act of 1965;*

*(2) for free or reduced price meals under the Richard B. Russell National School Lunch Act;*

*(3) for assistance under a State program funded under part A or E of title IV of the Social Security Act (42 U.S.C. 601 et seq., 670 et seq.); or*

*(4) for assistance under subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.).*

*(e) ALLOWABLE PROVIDERS.—In the case of eligible entities described in section 404A(c)(1), the activities required by this section may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4, and other organizations the State determines appropriate.*

**SEC. 404E. SCHOLARSHIP COMPONENT.**

(a) IN GENERAL.—

(1) STATES.— * * *

* * * * * * *

*(b) LIMITATION.—*

*(1) IN GENERAL.—Subject to paragraph (2), each eligible entity described in section 404A(c)(1) that receives a grant under this chapter shall use not less than 25 percent and not more than 50 percent of the grant funds for activities described in section 404D(c), with the remainder of such funds to be used for a scholarship program under this section.*

*(2) EXCEPTION.—Notwithstanding paragraph (1), the Secretary may allow an eligible entity to use more than 50 percent of grant funds received under this chapter for such activities, if the eligible entity demonstrates that the eligible entity has another means of providing the students with the financial assistance described in this section and describes such means in the application submitted under section 404C.*

*(c) NOTIFICATION OF ELIGIBILITY.—Each eligible entity providing scholarships under this section shall provide information on the eligibility requirements for the scholarships to all participating students upon the students' entry into the programs assisted under this chapter.*

**[**(b)**]** *(d)* GRANT AMOUNTS.—The maximum amount of a scholarship that an eligible student shall be eligible to receive under this section shall be established by the eligible entity. The minimum amount of the scholarship fo each fiscal year shall not be less than **[**the lesser of—

**[**(1) 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

**[**(2) the maximum Federal Pell Grant funded under section 401 for such fiscal year.**]** *the minimum Federal Pell Grant award under section 401 for such award year.*

*(e) PORTABILITY OF ASSISTANCE.—*

*(1) IN GENERAL.—Each eligible entity described in section 404A(c)(1) that receives a grant under this chapter shall create or organize a trust for each cohort described in section 404B(d)(1)(A) for which the grant is sought in the application submitted by the entity, which trust shall be an amount that is not less than the minimum scholarship amount described in subsection (d), multiplied by the number of students participating in the cohort.*

*(2) REQUIREMENT FOR PORTABILITY.—Funds contributed to the trust for a cohort shall be available to a student in the cohort when the student has—*

*(A) completed a secondary school diploma, its recognized equivalent, or other recognized alternative standard for individuals with disabilities; and*

*(B) enrolled in an institution of higher education.*

*(3) QUALIFIED EDUCATIONAL EXPENSES.—Funds available to an eligible student from a trust may be used for—*

*(A) tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the eligible student at an institution of higher education; and*

*(B) in the case of an eligible student with special needs, expenses for special needs services which are incurred in connection with such enrollment or attendance.*

*(4) RETURN OF FUNDS.—*

*(A) REDISTRIBUTION.—*

*(i) IN GENERAL.—Trust funds that are not used by an eligible student within 6 years of the student's scheduled completion of secondary school may be redistributed by the eligible entity to other eligible students.*

*(ii) RETURN OF EXCESS TO THE SECRETARY.—If, after meeting the requirements of paragraph (1) and, if applicable, redistributing excess funds in accordance with clause (i), an eligible entity has funds remaining, the eligible entity shall return excess funds to the Secretary for distribution to other grantees under this chapter.*

*(B) NONPARTICIPATING ENTITY.—Notwithstanding subparagraph (A), in the case of an eligible entity described in section 404A(c)(1)(A) that does not receive assistance under this subpart for 6 fiscal years, the eligible entity shall return any trust funds not awarded or obligated to eligible students to the Secretary for distribution to other grantees under this chapter.*

**[**(c)**]** *(f)* RELATION TO OTHER ASSISTANCE.— * * *

**[**(d)**]** *(g)* ELIGIBLE STUDENTS.—A student eligible for assistance under this section is a student who—

(1) is less than 22 years old at time of first scholarship award under this section;

(2) receives a secondary school diploma or its recognized equivalent on or after January 1, **[**1993**]** *2000*;

(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries, except that, at the State's option, an eligible entity may offer scholarship program portability for recipients who attend institutions of higher education outside such State; and

(4) who participated in the [early intervention component required under section 404D] *activities required under section 404D(a)*.

[(e) PRIORITY.—The Secretary shall ensure that each eligible entity places a priority on awarding scholarships to students who will receive a Federal Pell Grant for the academic year for which the scholarship is awarded under this section.

[(f) SPECIAL RULE.—An eligible entity may consider students who have successfully participated in programs funded under chapter 1 to have met the requirements of subsection (d)(4).]

**SEC. 404F. 21ST CENTURY SCHOLAR CERTIFICATES.**

[(a) AUTHORITY.—The Secretary, using funds appropriated under section 404H that do not exceed $200,000 for a fiscal year—

[(1) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in programs under this chapter; and

[(2) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for a free or reduced price lunch under the Richard B. Russell National School Lunch Act.

[(b) INFORMATION REQUIRED.—A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college which a student may be eligible to receive.]

* * * * * * *

**SEC. [404G]** *404F*. EVALUATION AND REPORT.

[(a) EVALUATION.—* * *

* * * * * * *

(c) FEDERAL EVALUATION.—In order to evaluate and improve the impact of the activities assisted under this chapter, the Secretary shall, from not more than 0.75 percent of the funds appropriated under section [404H] *404G* for a fiscal year, award one or more grants, contracts, or cooperative agreements to or with public and private institutions and organizations, to enable the institutions and organizations to evaluate the effectiveness of the program and, as appropriate, disseminate the results of the evaluation.

* * * * * * *

**SEC. [404H]** *404G* AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this chapter [$200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

## Subpart 3—Federal Supplemental Educational Opportunity Grants

**SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.**

(a) PURPOSE OF SUBPART.—* * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated **[**$675,000,000 fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years.**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 413D. ALLOCATION OF FUNDS.**

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 413A(b) for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to 100 percent of the amount **[**such institution received under subsections (a) and (b) of this section for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year).**]** *such institution received under subsections (a) and (b) of this section for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year).*

* * * * * * *

**[**(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

**[**(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate from or transfer to a 4-year institution of higher education.**]**

(b) * * *

* * * * * * *

(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to—

(A) * * *

* * * * * * *

(3)(A) * * *

* * * * * * *

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to **[**$450**]** *$600.*

* * * * * * *

## Subpart 4—Leveraging Educational Assistance Partnership Program

**SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.**

(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

(1) providing grants to—

(A) * * *

* * * * * * *

(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—

[(1) In General.—There are authorized to be appropriated $105,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

*(1)* IN GENERAL.—There are authorized to be appropriated to carry out this subpart such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.

* * * * * * *

**SEC. 415C. APPLICATIONS FOR LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAMS.**

(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—* * *

(b) PAYMENT OF FEDERAL SHARE OF GRANTS MADE BY QUALIFIED PROGRAM.—From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants pursuant to a State program which—

(1) * * *

(2) provides that such grants will be in amounts [not in excess of $5,000 per academic year] *not to exceed the lesser of $12,500 or the student's cost of attendance per academic year* (A) for attendance on a full-time basis at an institution of higher education, and (B) for campus-based community service work learning study jobs;

* * * * * * *

[(10) for any academic year beginning after June 30, 1987, provides the non-Federal share of the amount of student grants or work-study jobs under this subpart through a direct appropriation of State funds for the program under this subpart.]

*(10) provides notification to eligible students that such grants are—*

*(A) Leveraging Educational Assistance Partnership grants; and*

*(B) funded by the Federal Government, the State, and other contributing partners.*

* * * * * * *

**[SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.**

[(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

[(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

[(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

[(b) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.

[(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

[(1) making awards that—

[(A) supplement grants received under section 415C(b)(2) by eligible students who demonstrate financial need; or

[(B) provide grants under section 415C(b)(2) to additional eligible students who demonstrate financial need;

[(2) providing scholarships for eligible students—

[(A) who demonstrate financial need; and

[(B) who—

[(i) desire to enter a program of study leading to a career in—

[(I) information technology;

[(II) mathematics, computer science, or engineering;

[(III) teaching; or

[(IV) another field determined by the State to be critical to the State's workforce needs; or

[(ii) demonstrate merit or academic achievement; and

[(3) making awards that—

[(A) supplement community service work-study awards received under section 415C(b)(2) by eligible students who demonstrate financial need; or

[(B) provide community service work-study awards under section 415C(b)(2) to additional eligible students who demonstrate financial need.

[(d) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (c) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year.

[(e) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (c) for any fiscal year shall be not more than 33⅓ percent.

[(f) SPECIAL RULE.—Notwithstanding subsection (d), for purposes of determining a State's share of the cost of the authorized activities described in subsection (c), the State shall consider only those expenditures from non-Federal sources that exceed its total expenditures for need-based grants, scholarships, and work-study assistance for fiscal year 1999 (including any such assistance provided under this subpart).

[(g) USE OF FUNDS FOR ADMINISTRATIVE COSTS PROHIBITED.—A State receiving a grant under this section shall not use any of the grant funds to pay administrative costs associated with any of the authorized activities described in subsection (c).]

***[SEC. 415E. GRANTS FOR ACCESS AND PERSISTENCE.***

*(a) PURPOSE.—It is the purpose of this section to expand college access and increase college persistence by making allotments to States to enable the States to—*

*(1) expand and enhance partnerships with institutions of higher education, early information and intervention, men-*

*toring, or outreach programs, private corporations, philanthropic organizations, and other interested parties in order to—*

*(A) carry out activities under this section; and*

*(B) provide coordination and cohesion among Federal, State, and local governmental and private efforts that provide financial assistance to help low-income students attend an institution of higher education;*

*(2) provide need-based grants for access and persistence to eligible low-income students;*

*(3) provide early notification to low-income students of the students' eligibility for financial aid; and*

*(4) encourage increased participation in early information and intervention, mentoring, or outreach programs.*

*(b) ALLOTMENTS TO STATES.—*

*(1) IN GENERAL.—*

*(A) AUTHORIZATION.—From sums reserved under section 415A(b)(2) for each fiscal year, the Secretary shall make an allotment to each State that submits an application for an allotment in accordance with subsection (c) to enable the State to pay the Federal share, as described in paragraph (2), of the cost of carrying out the activities under subsection (d).*

*(B) DETERMINATION OF ALLOTMENT.—In making allotments under subparagraph (A), the Secretary shall consider the following:*

*(i) CONTINUATION OF AWARD.—If a State continues to meet the specifications established in such State's application under subsection (c), the Secretary shall make an allotment to such State that is not less than the allotment made to such State for the previous fiscal year.*

*(ii) PRIORITY.—The Secretary shall give priority in making allotments to States that meet the requirements described in paragraph (2)(A)(ii).*

*(2) FEDERAL SHARE.—*

*(A) IN GENERAL.—The Federal share under this section shall be determined in accordance with the following:*

*(i) If a State applies for an allotment under this section in partnership with—*

*(I) any number of degree granting institutions of higher education in the State whose combined full-time enrollment represents less than a majority of all students attending institutions of higher education in the State; and*

*(II)(aa) philanthropic organizations that are located in, or that provide funding in, the State; or*

*(bb) private corporations that are located in, or that do business in, the State,*

*then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 50 percent.*

*(ii) If a State applies for an allotment under this section in partnership with—*

*(I) any number of degree granting institutions of higher education in the State whose combined full-time enrollment represents a majority of all stu-*

*dents attending institutions of higher education in the State; and*

*(II)(aa) philanthropic organizations that are located in, or that provide funding in, the State; or*

*(bb) private corporations that are located in, or that do business in, the State,*

*then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 57 percent.*

*(B) NON-FEDERAL SHARE.—*

*(i) IN GENERAL.—The non-Federal share under this section may be provided in cash or in kind, fully evaluated and in accordance with this subparagraph.*

*(ii) IN KIND CONTRIBUTION.—For the purpose of calculating the non-Federal share under this section, an in kind contribution is a non-cash award that has monetary value, such as provision of room and board and transportation passes, and that helps a student meet the cost of attendance.*

*(iii) EFFECT ON NEED ANALYSIS.—For the purpose of calculating a student's need in accordance with part F of this title, an in-kind contribution described in clause (ii) shall not be considered an asset or income.*

*(c) APPLICATION FOR ALLOTMENT.—*

*(1) IN GENERAL.—*

*(A) SUBMISSION.—A State that desires to receive an allotment under this section on behalf of a partnership described in paragraph (3) shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.*

*(B) CONTENT.—An application submitted under subparagraph (A) shall include the following:*

*(i) A description of the State's plan for using the allotted funds.*

*(ii) Assurances that the State will provide the non-Federal share from State, institutional, philanthropic, or private funds, of not less than the required share of the cost of carrying out the activities under subsection (d), as determined under subsection (b), in accordance with the following:*

*(I) The State shall specify the methods by which non-Federal share funds will be paid and include provisions designed to ensure that funds provided under this section will be used to supplement, and not supplant, Federal and non-Federal funds available for carrying out the activities under this title.*

*(II) A State that uses non-Federal funds to create or expand existing partnerships with nonprofit organizations or community-based organizations in which such organizations match State funds for student scholarships, may apply such matching funds from such organizations toward fulfilling the State's non-Federal share obligation under this clause.*

*(iii) Assurances that early information and intervention, mentoring, or outreach programs exist within the State or that there is a plan to make such programs widely available.*

*(iv) A description of the organizational structure that the State has in place to administer the activities under subsection (d), including a description of the system the State will use to track the participation of students who receive grants under this section to degree completion.*

*(v) Assurances that the State has a method in place, such as acceptance of the automatic zero expected family contribution determination described in section 479, to identify eligible low-income students and award State grant aid to such students.*

*(vi) Assurances that the State will provide notification to eligible low-income students that grants under this section are—*

*(I) Leveraging Educational Assistance Partnership Grants; and*

*(II) funded by the Federal Government, the State, and other contributing partners.*

*(2) STATE AGENCY.—The State agency that submits an application for a State under section 415C(a) shall be the same State agency that submits an application under paragraph (1) for such State.*

*(3) PARTNERSHIP.—In applying for an allotment under this section, the State agency shall apply for the allotment in partnership with—*

*(A) not less than 1 public and 1 private degree granting institution of higher education that are located in the State, if applicable;*

*(B) new or existing early information and intervention, mentoring, or outreach programs located in the State; and*

*(C) not less than 1—*

*(i) philanthropic organization located in, or that provides funding in, the State; or*

*(ii) private corporation located in, or that does business in, the State.*

*(4) ROLES OF PARTNERS.—*

*(A) STATE AGENCY.—A State agency that is in a partnership receiving an allotment under this section—*

*(i) shall—*

*(I) serve as the primary administrative unit for the partnership;*

*(II) provide or coordinate non-Federal share funds, and coordinate activities among partners;*

*(III) encourage each institution of higher education in the State to participate in the partnership;*

*(IV) make determinations and early notifications of assistance as described under subsection (d)(2); and*

*(V) annually report to the Secretary on the partnership's progress in meeting the purpose of this section; and*

*(ii) may provide early information and intervention, mentoring, or outreach programs.*

*(B) DEGREE GRANTING INSTITUTIONS OF HIGHER EDUCATION.—A degree granting institution of higher education that is in a partnership receiving an allotment under this section—*

*(i) shall—*

*(I) recruit and admit participating qualified students and provide such additional institutional grant aid to participating students as agreed to with the State agency;*

*(II) provide support services to students who receive grants for access and persistence under this section and are enrolled at such institution; and*

*(III) assist the State in the identification of eligible students and the dissemination of early notifications of assistance as agreed to with the State agency; and*

*(ii) may provide funding for early information and intervention, mentoring, or outreach programs or provide such services directly.*

*(C) PROGRAMS.—An early information and intervention, mentoring, or outreach program that is in a partnership receiving an allotment under this section shall provide direct services, support, and information to participating students.*

*(D) PHILANTHROPIC ORGANIZATION OR PRIVATE CORPORATION.—A philanthropic organization or private corporation that is in a partnership receiving an allotment under this section shall provide funds for grants for access and persistence for participating students, or provide funds or support for early information and intervention, mentoring, or outreach programs.*

*(d) AUTHORIZED ACTIVITIES.—*

*(1) IN GENERAL.—*

*(A) ESTABLISHMENT OF PARTNERSHIP.—Each State receiving an allotment under this section shall use the funds to establish a partnership to award grants for access and persistence to eligible low-income students in order to increase the amount of financial assistance such students receive under this subpart for undergraduate education expenses.*

*(B) AMOUNT OF GRANTS.—*

*(i) PARTNERSHIPS WITH INSTITUTIONS SERVING LESS THAN A MAJORITY OF STUDENTS IN THE STATE.—*

*(I) IN GENERAL.—In the case where a State receiving an allotment under this section is in a partnership described in subsection (b)(2)(A)(i), the amount of a grant for access and persistence awarded by such State shall be not less than the amount that is equal to the average undergraduate tuition and mandatory fees at 4-year public insti-*

*tutions of higher education in the State where the student resides (less any other Federal or State sponsored grant amount, work study amount, and scholarship amount received by the student), and such amount shall be used toward the cost of attendance at an institution of higher education located in the State.*

*(II) COST OF ATTENDANCE.—A State that has a program, apart from the partnership under this section, of providing eligible low-income students with grants that are equal to the average undergraduate tuition and mandatory fees at 4-year public institutions of higher education in the State, may increase the amount of grants for access and persistence awarded by such State up to an amount that is equal to the average cost of attendance at 4-year public institutions of higher education in the State (less any other Federal or State sponsored grant amount, work study amount, and scholarship amount received by the student).*

*(ii) PARTNERSHIPS WITH INSTITUTIONS SERVING THE MAJORITY OF STUDENTS IN THE STATE.—In the case where a State receiving an allotment under this section is in a partnership described in subsection (b)(2)(A)(ii), the amount of a grant for access and persistence awarded by such State shall be not more than an amount that is equal to the average cost of attendance at 4-year public institutions of higher education in the State where the student resides (less any other Federal or State sponsored grant amount, college work study amount, and scholarship amount received by the student), and such amount shall be used by the student to attend an institution of higher education located in the State.*

*(C) SPECIAL RULES.—*

*(i) PARTNERSHIP INSTITUTIONS.—A State receiving an allotment under this section may restrict the use of grants for access and persistence under this section by awarding the grants only to students attending institutions of higher education that are participating in the partnership.*

*(ii) OUT-OF-STATE INSTITUTIONS.—If a State provides grants through another program under this subpart to students attending institutions of higher education located in another State, such agreement may also apply to grants awarded under this section.*

*(2) EARLY NOTIFICATION.—*

*(A) IN GENERAL.—Each State receiving an allotment under this section shall annually notify low-income students, such as students who are eligible to receive a free lunch under the school lunch program established under the Richard B. Russell National School Lunch Act, in grade 7 through grade 12 in the State, of the students' potential eligibility for student financial assistance, including*

*a grant for access and persistence, to attend an institution of higher education.*

*(B) CONTENT OF NOTICE.—The notification under subparagraph (A)—*

*(i) shall include—*

*(I) information about early information and intervention, mentoring, or outreach programs available to the student;*

*(II) information that a student's candidacy for a grant for access and persistence is enhanced through participation in an early information and intervention, mentoring, or outreach program;*

*(III) an explanation that student and family eligibility and participation in other Federal means-tested programs may indicate eligibility for a grant for access and persistence and other student aid programs;*

*(IV) a nonbinding estimation of the total amount of financial aid a low-income student with a similar income level may expect to receive, including an estimation of the amount of a grant for access and persistence and an estimation of the amount of grants, loans, and all other available types of aid from the major Federal and State financial aid programs;*

*(V) an explanation that in order to be eligible for a grant for access and persistence, at a minimum, a student shall—*

*(aa) meet the requirement under paragraph (3);*

*(bb) graduate from secondary school; and*

*(cc) enroll at an institution of higher education that is a partner in the partnership or qualifies under subsection (d)(1)(C)(ii);*

*(VI) information on any additional requirements (such as a student pledge detailing student responsibilities) that the State may impose for receipt of a grant for access and persistence under this section; and*

*(VII) instructions on how to apply for a grant for access and persistence and an explanation that a student is required to file a Free Application for Federal Student Aid authorized under section 483(a) to be eligible for such grant and assistance from other Federal and State financial aid programs; and*

*(ii) may include a disclaimer that grant awards for access and persistence are contingent upon—*

*(I) a determination of the student's financial eligibility at the time of the student's enrollment at an institution of higher education that is a partner in the partnership or qualifies under subsection (d)(1)(C)(ii);*

*(II) annual Federal and State appropriations; and*

*(III) other aid received by the student at the time of the student's enrollment at such institution of higher education.*

*(3) ELIGIBILITY.—In determining which students are eligible to receive grants for access and persistence, the State shall ensure that each such student meets not less than 1 of the following:*

*(A) Meets not less than 2 of the following criteria, with priority given to students meeting all of the following criteria:*

*(i) Has an expected family contribution equal to zero (as described in section 479) or a comparable alternative based upon the State's approved criteria in section 415C(b)(4).*

*(ii) Has qualified for a free lunch, or at the State's discretion a reduced price lunch, under the school lunch program established under the Richard B. Russell National School Lunch Act.*

*(iii) Qualifies for the State's maximum undergraduate award, as authorized under section 415C(b).*

*(iv) Is participating in, or has participated in, a Federal, State, institutional, or community early information and intervention, mentoring, or outreach program, as recognized by the State agency administering activities under this section.*

*(B) Is receiving, or has received, a grant for access and persistence under this section, in accordance with paragraph (5).*

*(4) GRANT AWARD.—Once a student, including those students who have received early notification under paragraph (2) from the State, applies for admission to an institution that is a partner in the partnership, files a Free Application for Federal Student Aid and any related existing State form, and is determined eligible by the State under paragraph (3), the State shall—*

*(A) issue the student a preliminary award certificate for a grant for access and persistence with tentative award amounts; and*

*(B) inform the student that payment of the grant for access and persistence award amounts is subject to certification of enrollment and award eligibility by the institution of higher education.*

*(5) DURATION OF AWARD.—An eligible student that receives a grant for access and persistence under this section shall receive such grant award for each year of such student's undergraduate education in which the student remains eligible for assistance under this title, including pursuant to section 484(c), and remains financially eligible as determined by the State, except that the State may impose reasonable time limits to degree completion.*

*(e) USE OF FUNDS FOR ADMINISTRATIVE COSTS PROHIBITED.—A State that receives an allotment under this section shall not use any of the allotted funds to pay administrative costs associated with any of the authorized activities described in subsection (d).*

*(f) STATUTORY AND REGULATORY RELIEF FOR INSTITUTIONS OF HIGHER EDUCATION.—The Secretary may grant, upon the request of*

*an institution of higher education that is in a partnership described in subsection (b)(2)(A)(ii) and that receives an allotment under this section, a waiver for such institution from statutory or regulatory requirements that inhibit the ability of the institution to successfully and efficiently participate in the activities of the partnership.*

*(g) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.*

*(h) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving an allotment under this section for a fiscal year shall provide the Secretary with an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (d) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditure by the State for the activities for the second preceding fiscal year.*

*(i) SPECIAL RULE.—Notwithstanding subsection (h), for purposes of determining a State's share of the cost of the authorized activities described in subsection (d), the State shall consider only those expenditures from non-Federal sources that exceed the State's total expenditures for need-based grants, scholarships, and work-study assistance for fiscal year 1999 (including any such assistance provided under this subpart).*

*(j) CONTINUATION AND TRANSITION.—For the 2-year period that begins on the date of enactment of the Higher Education Amendments of 2005, the Secretary shall continue to award grants under section 415E of the Higher Education Act of 1965 as such section existed on the day before the date of enactment of such Act to States that choose to apply for grants under such predecessor section.*

*(k) REPORTS.—Not later than 3 years after the date of enactment of the Higher Education Amendments of 2005 and annually thereafter, the Secretary shall submit a report describing the activities and the impact of the partnerships under this section to the authorizing committees.*

* * * * * * *

## Subpart 5—Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

**SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.**

(a) PROGRAM AUTHORITY.—The Secretary shall maintain and expand *(including providing outreach and technical assistance)* existing secondary and postsecondary high school equivalency program and college assistance migrant program projects located at institutions of higher education or at private nonprofit organizations working in cooperation with institutions of higher education.

(b) SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.—The services authorized by this subpart for the high school equivalency program include—

(1) recruitment services to reach persons—

(A)(i) * * *

* * * * * * *

(B)(i) who themselves, or whose [parents] *immediate family*, have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; or

(ii) * * *

* * * * * * *

(3) supportive services which include the following:

(A) personal, vocational, and academic counseling;

(B) placement services designed to place students in a university, college, or junior college program *(including preparation for college entrance examinations)*, or in military service or career positions; and

(C) * * *

* * * * * * *

(5) [weekly] stipends for high school equivalency program participants;

(6) * * *

(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; [and]

(8) other essential supportive services, as needed to ensure the success of eligible students[.]*; and*

*(9) other activities to improve persistence and retention in postsecondary education.*

(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—(1) Services authorized by this subpart for the college assistance migrant program include—

(A) * * *

(B) supportive and instructional services *to improve placement, persistence, and retention in postsecondary education* which include:

(i) personal, academic, [and career] *career, and economic education or personal finance* counseling as an ongoing part of the program.

* * * * * * *

(E) exposure to cultural events, academic programs, and other activities not usually available to migrant youth; [and]

*(F) internships; and*

[(F)] *(G)* other support services as necessary to ensure the success of eligible students.

(2) * * *

(A) monitoring and reporting the academic progress of students who participated in the project during such student's first year of college and during such student's subsequent years in college; [and]

(B) referring such students to on- or off-campus providers of counseling services, academic assistance, or financial aid [.], and coordinating such services, assistance, and aid with other non-program services, assistance, and aid, including services, assistance, and aid provided by community-based organizations, which may include mentoring and guidance; and

*(C) for students attending 2-year institutions of higher education, encouraging the students to transfer to 4-year institu-*

*tions of higher education, where appropriate, and monitoring the rate of transfer of such students.*

(d) * * *

(e) FIVE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Except under extraordinary circumstances, the Secretary shall award grants for a 5-year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs in accordance with [section 402A(c)(1)] *section 402A(c)(2)*.

(f) MINIMUM ALLOCATIONS.—The Secretary shall not allocate an amount less than—

(1) [$150,000] *$180,000* for each project under the high school equivalency program, and

(2) [$150,000] *$180,000* for each project under the college assistance migrant program.

(g) * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program [$15,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

(2) There are authorized to be appropriated for the college assistance migrant program [$5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

## Subpart 6—Robert C. Byrd Honors Scholarship Program

**SEC. 419A. STATEMENT OF PURPOSE.**

* * * * * * *

**SEC. 419F. ELIGIBILITY OF SCHOLARS.**

(1) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this subpart shall be a graduate of a public or private secondary school *(or a home school, whether treated as a home school or a private school under State law)* or have the equivalent of a certificate of graduation as recognized by the State in which the student resides and must have been admitted for enrollment at an institution or higher education.

* * * * * * *

**SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated for this subpart [$45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

## Subpart 7—Child Care Access Means Parents in School

**SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.**

(a) PURPOSE.— * * *

(b) PROGRAM AUTHORIZED.—

(1) AUTHORIZED.— * * *

(2) AMOUNT OF GRANTS.—

(A) IN GENERAL.— * * *

(B) MINIMUM.—[A grant]

*(i) IN GENERAL.—Except as provided in clause (ii), a grant* under this section shall be awarded in an amount that is not less than $10,000.

*(ii) INCREASE TRIGGER.—For any fiscal year for which the amount appropriated under the authority of subsection (g) is equal to or greater than $20,000,000, a grant under this section shall be awarded in an amount that is not less than $30,000.*

* * * * * * *

[(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.]

*(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who—*

*(A) is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made; or*

*(B) would otherwise be eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made, except that the student fails to meet the requirements of—*

*(i) section 401(c)(1) because the student is enrolled in a graduate or first professional course of study; or*

*(ii) section 484(a)(5) because the student is in the United States for a temporary purpose.*

* * * * * * *

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section [$45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.**

(a) LIMITATIONS ON AMOUNTS OF LOANS COVERED BY FEDERAL INSURANCE.—The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed $2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, [2004] *2012*. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loans installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this

part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, [2008] *2016*.

* * * * * * *

**SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.**

(a) ANNUAL AND AGGREGATE LIMITS.—

(1) ANNUAL LIMITS.—(A) * * *

(i) * * *

(I) [$2,625] *$3,500* if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 481); and

* * * * * * *

(ii) * * *

(I) [$3,500] *$4,500*; or

* * * * * * *

**SEC. 427A. APPLICABLE INTEREST RATES.**

(a) RATES TO BE CONSISTENT FOR BORROWER'S ENTIRE DEBT.—* * *

* * * * * * *

(l) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 2006.—

(1) IN GENERAL.—* * *

(2) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after July 1, 2006, the applicable rate of interest shall be [7.9 percent] *8.5 percent* on the unpaid principal balance of the loan.

* * * * * * *

**SEC. 438. SPECIAL ALLOWANCES.**

(a) FINDINGS.— * * *

(b) COMPUTATION AND PAYMENT.—

(1) QUARTERLY PAYMENT BASED ON UNPAID BALANCE.— * * *

* * * * * * *

(2) RATE OF SPECIAL ALLOWANCE.—(A) * * *

* * * * * * *

(I) [1] LOANS DISBURSED ON OR AFTER JANUARY 1, 2000.—

(i) IN GENERAL.— * * *

* * * * * * *

(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or after January 1, 2000, and for which the applicable interest rate is determined under section 427A(k)(4) or (1)(3), clause (i)(III) of this subparagraph shall be applied by substituting "2.64 percent" for "2.34 percent"[, subject to clause (vi) of this subparagraph].

(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS BEFORE [JULY 1, 2006] *APRIL 1, 2006*.—In the case of PLUS loans made under section 428B and first

disbursed on or after January 1, 2000, and before [July 1, 2006] *April 1, 2006*, for which the interest rate is determined under section 427A(k)(3), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1, and ending on June 30 unless, on the June 1 preceding such July 1—

(I) * * *

* * * * * * *

[(vi) LIMITATION ON SPECIAL ALLOWANCES FOR CONSOLIDATION LOANS.—In the case of consolidation loans made under section 428C and for which the application is received on or after January 1, 2000, for which the interest rate is determined under section 427A(k)(4) or (1)(3), a special allowance shall not be paid for such loan during any 3-month period ending March 31, June 30, September 30, or December 31 unless—

[(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H–15 (or its successor) for such 3-month period; plus

[(II) 2.64 percent,

exceeds the rate determined under section 427A(k)(4) or (l)(3), whichever is applicable.

[(vii) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS ON OR AFTER JULY 1, 2006.—In the case of PLUS loans made under section 428B and first disbursed on or after July 1, 2006, for which the interest rate is determined under section 427A(l)(2), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless—

[(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial), as published by the Board of Governors of the Federal Reserve System in Publication H–15 (or its successor), for the last calendar week ending on or before such July 1; plus

[(II) 2.64 percent,

exceeds 9.0 percent]

*(vi) RECAPTURE OF EXCESS INTEREST.—*

*(I) EXCESS CREDITED.—With respect to a loan on which the applicable interest rate is determined under subsection (k) or (l) of section 427A and for which the first disbursement of principal is made on or after April 1, 2006, if the applicable interest rate for any 3-month period exceeds the special allowance support level applicable to such loan under this subparagraph for such period, then an adjustment shall be made by calculating the excess interest in the amount computed under subclause (II) of this clause, and by crediting the excess interest to the Government not less often than annually.*

*(II) CALCULATION OF EXCESS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—*

*(aa) the applicable interest rate minus the special allowance support level determined under this subparagraph; multiplied by*

*(bb) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by*

*(cc) four.*

*(III) SPECIAL ALLOWANCE SUPPORT LEVEL.—For purposes of this clause, the term "special allowance support level" means, for any loan, a number expressed as a percentage equal to the sum of the rates determined under subclauses (I) and (III) of clause (i), and applying any substitution rules applicable to such loan under clauses (ii), (iii), and (iv) in determining such sum.*

* * * * * * *

**SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.**

(a) FEDERAL INTEREST SUBSIDIES.—

(1) TYPES OF LOANS THAT QUALIFY.— * * *

* * * * * * *

(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—the period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, [2004] *2012*, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, [2008] *2016*.

* * * * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALITY LOAN FOR INTEREST SUBSIDIES.—

(1) REQUIREMENTS OF INSURANCE PROGRAM.— * * *

(A) * * *

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) [$2,625] *3,500*, if such student is enrolled in a program whose length is at least one academic year in length; and

* * * * * * *

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) [$3,500] *$4,500*; or

* * * * * * *

[(G) insures 98 percent of the unpaid principal of loans insured under the program, except that such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(j) or 439(q);]

*(G) insures 97 percent of unpaid principal of loans insured under the program;*

[(H) provides for collection of a single insurance premium equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;]

*(H) provides for the collection, and the deposit in the Federal fund established under section 422A(a), of a guaranty agency origination fee of 1.0 percent of each disbursement of the proceeds of the loan, which fee may be provided from funds in the guaranty agency's operating fund under section 422B or from other non-Federal funds;*

* * * * * * *

(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) during which the borrower— * * *

* * * * * * *

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment, except that no borrower who provides evidence of eligibility for unemployment benefits shall be required to provide additional paperwork for a deferment under this clause; [or]

*(iii) not in excess of 3 years during which the borrower—*

*(I) is serving on active duty during a war or other military operation or national emergency; or*

*(II) is performing qualifying National Guard duty during a war or other military operation or national emergency; or*

[(iii)] *(iv)* not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 435(o), has caused or will cause the borrower to have an economic hardship;

(N) provides that funds borrowed by a student—

(i) are disbursed to the institution by check or other means that is payable to, and requires the endorsement or other certification by, such student; [or]

[(ii) in the case of a student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled or at an eligible foreign insti-

tution, are, at the request of the student, disbursed directly to the student by the means described in clause (i), unless such student requests that the check be endorsed, or the funds transfer authorized, pursuant to an authorized power-of-attorney;]

*(ii) in the case of a student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled, and only after verification of the student's enrollment by the lender or guaranty agency, are, at the request of the student, disbursed directly to the student by the means described in clause (i), unless such student requests that the check be endorsed, or the funds transfer be authorized, pursuant to an authorized power-of-attorney; or*

*(iii) in the case of a student who is studying outside the United States in a program of study at an eligible foreign institution, are, at the request of the foreign institution, disbursed directly to the student, only after verification of the student's enrollment by the lender or guaranty agency by the means described in clause (i);*

* * * * * * *

(Y) provides that—

(i) the lender shall determine the eligibility of a borrower for a deferment described in subparagraph (M)(i) based on receipt of—

(I) * * *

(II) * * *

(III) student status information received by the lender that the borrower is enrolled on at least a half-time basis*, except that, if requested by an institution of higher education, the lender shall confirm such status through the use of the National Student Loan Data System*; and

* * * * * * *

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) * * *

* * * * * * *

[(D) Reimbursements of loses made by the Secretary on loans submitted for claim by an eligible lender, servicer, or guaranty agency designated for exceptional performance under section 428I shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.]

[(E)] *(D) Notwithstanding any other provisions of this section, in the case of a loan made pursuant to a lender-of-last-resort program, the Secretary shall apply the provisions of—*

(i) * * *

* * * * * * *

[(F)] (*E*) Notwithstanding any other provisions of this section, in the case of an outstanding loan transferred to a guaranty agency from another guaranty agency pursuant to a plan approved by the Secretary in response to the insolvency of the latter such guarantee agency, the Secretary shall apply the provision of—

(i) * * *

* * * * * * *

(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to ensure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program, including *(i)* a requirement that each beneficiary of insurance on the loan submit proof that the institution was contacted and other reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known) *and (ii) requirements establishing procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans under this part*;

* * * * * * *

(D) shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with [paragraph (6)] *paragraph (6)(A)*) to represent

* * * * * * *

(H) set forth assurances that—

(i) upon the request of an eligible institution, the guaranty agency shall, subject to clauses (ii) and (iii), furnish to the institution information with respect to students (including the names and addresses of such students) who received loans made, insured, or guaranteed under this part for attendance at the eligible institution and for whom [preclaims] *default aversion* assistance activities have been requested under subsection (1);

* * * * * * *

(6) SECRETARY'S EQUITABLE SHARE.—*(A)* For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary

has an agreement under this subsection has deducted from such payments—

[(A)] *(i)* a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

[(B)] *(ii)* an amount equal to 24 percent of such payments for use in accordance with section 422B, except that, beginning on October 1, 2003, this subparagraph shall be applied by substituting "23 percent" for "24 percent".

*(B) GUARANTY AGENCY OBLIGATIONS.—A guaranty agency shall—*

*(i) on or after October 1, 2006—*

*(I) not charge the borrower collection costs in an amount in excess of 18.5 percent of the outstanding principal and interest of a defaulted loan that is paid off through consolidation by the borrower under this title; and*

*(II) remit to the Secretary a portion of the collection charge under subclause (I) equal to 8.5 percent of the outstanding principal and interest of such defaulted loan; and*

*(ii) on and after October 1, 2009, remit to the Secretary the entire amount charged under clause (i)(I) with respect to each defaulted loan that is paid off with excess consolidation proceeds.*

*(C) EXCESS CONSOLIDATION PROCEEDS.—For purposes of subparagraph (B), the term "excess consolidation proceeds" means, with respect to any guaranty agency for any Federal fiscal year beginning on or after October 1, 2009, the proceeds of consolidation of defaulted loans under this title that exceed 45 percent of the agency's total collections on defaulted loans in such Federal fiscal year.*

* * * * * * *

(9) GUARANTY AGENCY RESERVE LEVEL.—(A) * * *

* * * * * * *

(K) The Secretary, within 3 months after the end of each fiscal year, shall submit to the [House Committee on Education and the Workforce and the Senate Committee on Labor and Human Resources] *authorizing committees* a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system.

* * * * * * *

(g) ACTION ON INSURANCE PROGRAM AND GUARANTY AGREEMENTS.—If a nonprofit private institution or organization—

(1) * * *

(2) as provided in the application, undertakes to meet the requirements of section 422(c)(6)(B) (i), (ii), and (iii), the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the [Committee on Labor and Human Resources of the Senate and the Committee on Edu-

cation and the Workforce of the House of Representatives] *authorizing committees* of his actions.

* * * * * * *

(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

(1) IN GENERAL.— * * *

* * * * * * *

(4) REPORT REQUIRED.—The Secretary shall, at the conclusion of the pilot program under paragraph (3), provide a report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* on the impact of the blanket certificates of guaranty on program efficiency and integrity.

* * * * * * *

**SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.**

(a) VOLUNTARY AGREEMENTS.—

(1) AUTHORITY.— * * *

* * * * * * *

(4) REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

(A) * * *

* * * * * * *

(c) PUBLIC NOTICE.—

(1) IN GENERAL.— * * *

* * * * * * *

(2) AGREEMENT NOTICE.—The Secretary shall notify the [Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *Chairpersons and Ranking Members of the authorizing committees* not later than 30 days prior to concluding an agreement under this section. The notice shall contain—

(A) * * *

* * * * * * *

(3) WAIVER NOTICE.—The Secretary shall notify the [Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *Chairpersons and Ranking Members of the authorizing committees* not later than 30 days prior to the granting of a waiver pursuant to subsection (a)(2) to a guaranty agency that is not a party to a voluntary flexible agreement.

* * * * * * *

(5) MODIFICATION NOTICE.—The Secretary shall notify the [Chairperson and the Ranking Minority Members of the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *Chairpersons and Ranking Members of the authorizing committees* 30 days prior to any modifications to an agreement under this section.

* * * * * * *

**SEC. 428B. FEDERAL PLUS LOANS.**

(a) AUTHORITY TO BORROW.—

(1) AUTHORITY AND ELIGIBILITY.—[Parents] *A graduate or professional student or the parents* of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

(A) [the parents] *the graduate or professional student or the parents* do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; and

(B) [the parents] *the graduate or professional student or the parents* meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

* * * * * * *

(b) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to [any parent] *any graduate or professional student or any parent* under this section for any academic year in excess of (A) the student's estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 428(a)(2)(A). The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

(c) PLUS LOAN DISBURSEMENT.— * * *

(1) * * *

(2) a check copayable to the eligible institution and the [parent] *graduate or professional student or parent* borrower.

(d) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral during any period during which [the parent] *the graduate or professional student or the parent* meets the conditions required for a deferral under section 427(a)(2)(C) or 428(b)(1)(M).

* * * * * * *

**SEC. 428C. FEDERAL CONSOLIDATION LOANS.**

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) AGREEMENT REQUIRED FOR INSURANCE COVERAGE.— * * *

* * * * * * *

(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

(1) AGREEMENTS WITH LENDERS.— * * *

(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan under this section **[**and (i) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, except that this clause shall not apply in the case of a borrower with multiple holders of loans under this part, or (ii) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan with income-sensitive repayment terms from the holders of the outstanding loans of that borrower (which are so selected for consolidation**]**;

* * * * * * *

(E) that the lender shall offer an income-sensitive repayment schedule, established by the lender in accordance with the regulations promulgated by the Secretary, to the borrower of any consolidation loan made by the lender on or after July 1, 1994; **[**and**]**

*(F) that the lender will disclose, in a clear and conspicuous manner, to borrowers who consolidate loans made under part E of this title—*

*(i) that once the borrower adds the borrower's Federal Perkins Loan to a Federal Consolidation Loan, the borrower will lose all interest-free periods that would have been available, such as those periods when no interest accrues on the Federal Perkins Loan while the borrower is enrolled in school at least half-time, during the grace period, and during periods when the borrower's student loan repayments are deferred;*

*(ii) that the borrower will no longer be eligible for loan forgiveness of Federal Perkins Loans under any provision of section 465; and*

*(iii) the occupations described in section 465(a)(2), individually and in detail, for which the borrower will lose eligibility for Federal Perkins Loan forgiveness; and*

**[**(F)**]***(G)* such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

* * * * * * *

(e) TERMINATION OF AUTHORITY.—The authority to make loans under this section expires at the close of September 30, **[**2004**]** *2012*. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b). Loans made under this section which are insured by the Sec-

retary shall be considered to be new loans made to students for the purpose of section 424(a).

* * * * * * *

**SEC. 428F. DEFAULT REDUCTION PROGRAM.**

(a) OTHER REPAYMENT INCENTIVES.—

(1) SALE OF LOAN.—

(A) Each guaranty agency shall enter into an agreement with the Secretary which shall provide that upon securing [consecutive payments for 12 months] *9 payments made within 20 days of the due date during 10 consecutive months* of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of section 428(c), the guaranty agency (pursuant to an agreement with the Secretary) or the Secretary shall, if practicable, sell the loan to an eligible lender. Such loan shall not be sold to an eligible lender who has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part. Neither the guaranty agency nor the Secretary shall demand from a borrower as monthly payment amounts referred to in this paragraph more than is reasonable and affordable based upon the borrower's total financial circumstances.

(B) * * *

*(C) A guaranty agency may charge the borrower and retain collection costs in an amount not to exceed 18.5 percent of the outstanding principal and interest at the time of sale of a loan rehabilitated under subparagraph (A).*

* * * * * * *

(b) * * *

* * * * * * *

*(c) FINANCIAL AND ECONOMIC LITERACY.—Where appropriate as determined by the institution of higher education in which a borrower is enrolled, each program described in subsection (b) shall include making available financial and economic education materials for the borrower, including making the materials available before, during, or after rehabilitation of a loan.*

* * * * * * *

**SEC. 428G. REQUIREMENTS FOR DISBURSEMENT OF STUDENTS LOANS.**

(a) MULTIPLE DISBURSEMENT REQUIRED.—

(1) TWO DISBURSEMENTS REQUIRED.— * * *

* * * * * * *

(3) SPECIAL RULE.—An institution whose cohort default rate (as determined under section 435(m)) for each of the 3 most recent fiscal years for which data are available is less than 10 percent may disburse any loan made, insured, or guaranteed under this part in a single installment for any period of enrollment that is not more than 1 semester, 1 trimester, 1 quarter, or 4 months. *Notwithstanding section 422(d) of the Higher Education amendments of 1998, this paragraph shall be effec-*

*tive beginning on the date of enactment of the Higher Education Amendments of 2005.*

(b) DISBURSEMENT AND ENDORSEMENT REQUIREMENTS.—

(1) FIRST YEAR STUDENTS.—The first installment of the proceeds of any loan made, insured, or guaranteed under this part that is made to a student borrower who is entering the first year of a program of undergraduate education, and who has not previously obtained a loan under this part, shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until 30 days after the borrower begins a course of study, but may be delivered to the eligible institution prior to the end of that 30-day period. An institution whose cohort default rate (as determined under section 435(m)) for each of the three most recent fiscal years for which data are available is less than 10 percent shall be exempt form the requirements of this paragraph. *Notwithstanding section 422(d) of the Higher Education Amendments of 1998, the second sentence of this paragraph shall be effective beginning on the date of enactment of the Higher Education Amendments of 2005.*

* * * * * * *

(e) EXCLUSION OF CONSOLIDATION AND FOREIGN STUDY LOANS.—the provisions of this section shall not apply in the case of a loan made under section 428C**[**, made to a student to cover the cost of attendance at an eligible institution outside the United States**]**, or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent.

* * * * * * *

**SEC. 428H. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.**

(a) IN GENERAL.— * * *

* * * * * * *

(d) LOAN LIMITS.—

(1) IN GENERAL.— * * *

(2) ANNUAL LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.— * * *

(A) * * *

* * * * * * *

(C) in the case of such student who is a graduate or professional student attending an eligible institution, **[**$10,000**]** *$12,000*; and

(D) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

(i) $4,000 for coursework necessary or enrollment in an undergraduate degree or certificate program, and, in the case of a student who has obtained a baccalaureate degree, **[**$5,000**]** *$7,000* for coursework necessary for enrollment in a graduate or professional program; and

(ii) in the case of a student who has obtained a baccalaureate degree, **[**$5,000**]** *$7,000* for coursework

necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;

except in cases where the Secretary determines, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit.

* * * * * * *

**SEC. 430A. REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION.**

(a) AGREEMENTS TO EXCHANGE INFORMATION.—For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by guaranty agreement pursuant to section 428, the Secretary, each guaranty agency, eligible lender, and subsequent holder shall enter into agreements ❚with credit bureau organizations❚ *with each consumer reporting agency that compiles and maintains files on consumers on a nationwide basis (as defined in section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a(p))* to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary (concerning loans covered by Federal loan insurance), by a guaranty agency, eligible lender, or subsequent holder (concerning loans covered by a guaranty agreement), or to requests from such organizations for response to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary, the guaranty agency, eligible lender, or subsequent holder, as appropriate, to disclose to such organizations, with respect to any loan under this part that has not been repaid by the borrower—

*(1) the type of loan made, insured, or guaranteed under this title;*

❚1❚ *(2)* the total amount of loans made to any borrower under this part and the remaining balance of the loans;

*(3) information concerning the repayment status of the loan, which information shall be included in the file of the borrower, except that nothing in this subsection shall be construed to affect any otherwise applicable provision of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.)*

❚(2)❚ *(4)* information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan; ❚and❚

❚(3)❚ *(5)* the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437❚.❚ *; and*

*(6) any other information required to be reported by Federal law.*

* * * * * * *

**SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.**

(a) GENERAL POWERS.— * * *

* * * * * * *

(f) AUDIT OF FINANCIAL TRANSACTIONS.—

(1) COMPTROLLER GENERAL AND INSPECTOR GENERAL AUTHORITY.— * * *

(A) * * *

* * * * * * *

(C) a representative sample of eligible lenders under this part, upon the request of [the Committee on Education and the Workforce of the House of Representatives or the Committee on Labor and Human Resources of the Senate] *either of the authorizing committees*, with respect to the payment of the special allowance under section 438 in order to evaluate the program authorized by this part.

* * * * * * *

(m) COMMON FORMS AND FORMATS.—

(1) COMMON GUARANTEED STUDENT LOAN APPLICATION FORM AND PROMISSORY NOTE.—

(A) IN GENERAL.— * * *

* * * * * * *

(D) MASTER PROMISSORY NOTE.—

(i) IN GENERAL.—The Secretary shall develop and require the use of master promissory note forms for loans made under this part and part D. Such forms shall be available for periods of enrollment beginning not later than July 1, 2000. Each form shall allow eligible borrowers to receive, in addition to initial loans, additional loans for the same or subsequent periods of enrollment through a student confirmation process approved by the Secretary. Such forms shall be used for loans made under this part or part D as directed by the Secretary. *Unless otherwise notified by the Secretary, each institution of higher education that participates in the program under this part or part D may use a master promissory note for loans under this part and part D.*

* * * * * * *

(n) DEFAULT REDUCTION MANAGEMENT.—

(1) AUTHORIZATION.— * * *

* * * * * * *

(3) PLAN FOR USE REQUIRED.— * * *

(A) * * *

* * * * * * *

(D) if the performance standard or goal is impractical or infeasible, why that is the case and what action is rec-

ommended, including whether the goal should be changed or the program altered or eliminated.

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees*.

* * * * * * *

**SEC. 433. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.**

(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.— * * *

* * * * * * *

(e) * * *

* * * * * * *

*(f) BORROWER INFORMATION AND PRIVACY.—Each entity participating in a program under this part that is subject to subtitle A of title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.) shall only use, release, disclose, sell, transfer, or give student information, including the name, address, social security number, or amount borrowed by a borrower or a borrower's parent, in accordance with the provisions of such subtitle.*

*(g) LOAN BENEFIT DISCLOSURES.—*

*(1) IN GENERAL.—Each eligible lender, holder, or servicer of a loan made, insured, or guaranteed under this part shall provide the borrower with information on the loan benefit repayment options the lender, holder, or servicer offer, including information on reductions in interest rates—*

*(A) by repaying the loan by automatic payroll or checking account deduction;*

*(B) by completing a program of on-time repayment; and*

*(C) under any other interest rate reduction program.*

*(2) INFORMATION.—Such borrower information shall include—*

*(A) any limitations on such options;*

*(B) explicit information on the reasons a borrower may lose eligibility for such an option;*

*(C) examples of the impact the interest rate reductions will have on a borrower's time for repayment and amount of repayment;*

*(D) upon the request of the borrower, the effect the reductions in interest rates will have with respect to the borrower's payoff amount and time for repayment; and*

*(E) information on borrower recertification requirements.*

* * * * * * *

***SEC. 433A. CONSUMER EDUCATION INFORMATION.***

*Each guaranty agency participating in a program under this part working with the institutions of higher education served by such guaranty agency (or in the case of an institution of higher education that provides loans exclusively through part D, the institution working with a guaranty agency or with the Secretary) shall develop and make available a quality educational program and materials to provide training for students in budgeting and financial management, including debt management and other aspects of financial literacy,*

*such as the cost of using very high interest loans to pay for postsecondary education, particularly as budgeting and financial management relates to student loan programs authorized by this title. Nothing in this section shall be construed to prohibit a guaranty agency from using an existing program or existing materials to meet the requirement of this section. The activities described in this section shall be considered default reduction activities for the purposes of section 422.*

* * * * * * *

**SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.**

As used in this part:

(a) ELIGIBLE INSTITUTION.—

(1) IN GENERAL.— * * *

* * * * * * *

(d) ELIGIBLE LENDER.—

(1) IN GENERAL.— * * *

* * * * * * *

(2) ADDITIONAL REQUIREMENTS OF ELIGIBLE INSTITUTIONS.—To be an eligible lender under this part, an eligible institution—

(A) * * *

* * * * * * *

(E) shall not have a cohort default rate (as defined in section 435(m)) greater than 15 percent; [and]

[(F) shall use the proceeds from special allowance payments and interest payments from borrowers for need-based grant programs, except for reasonable reimbursement for direct administrative expenses;]

*(F) shall use the proceeds from special allowance payments, interest payments from borrowers, proceeds from the sale of a loan made, insured, or guaranteed under this part, and all other proceeds related to such a loan that are furnished to the eligible institution or any entity affiliated (directly or indirectly) with the eligible institution, for need based grant programs, except that such payments and proceeds may be used for reasonable reimbursement for direct administrative expenses;*

*(G) shall have met the requirements of subparagraphs (A) through (F), and made loans under this part, on or before August 31, 2005;*

*(H) shall hold each loan the eligible institution makes under this part to a student enrolled at the eligible institution until the student enters into a grace period described in section 427(a)(2)(B) or 428(b)(7);*

*(I) shall use the proceeds from the sale of a loan made under this part, for need based grant aid programs, except that such proceeds—*

*(i) shall not be used to provide a grant to a student for an academic year in an amount that is more than the student's cost of attendance for the academic year; and*

*(ii) shall supplement and not supplant other Federal, State, and institutional grant aid; and*

*(J) shall not be a foundation or alumni organization;*

* * * * * * *

**SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING [CLOSED SCHOOLS OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW] *SCHOOLS THAT FAIL TO PROVIDE A REFUND, ATTENDING CLOSED SCHOOLS, OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW.***

(a) REPAYMENT IN FULL FOR DEATH AND DISABILITY.— * * *

* * * * * * *

(c) DISCHARGE.—

(1) IN GENERAL.—If a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable to complete the program in which such student is enrolled due to the closure of the institution or if such student's eligibility to borrow under this part was falsely certified by the eligible institution *or was falsely certified as a result of a crime of identity theft*, or if the institution failed to make a refund of loan proceeds which the institution owed to such student's lender, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals or settle the loan obligation pursuant to the financial responsibility authority under subpart 3 of part H. In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* annually as to the dollar amount of loan discharges attributable to failures to make refunds.

* * * * * * *

**SEC. 438. SPECIAL ALLOWANCES.**

(a) FINDINGS.— * * *

* * * * * * *

(b) COMPUTATION AND PAYMENT.—

(1) QUARTERLY PAYMENT BASED ON UNPAID BALANCE.— * * *

* * * * * * *

(2) RATE OF SPECIAL ALLOWANCE.—(A) * * *

(B)(i) * * *

* * * * * * *

(iv) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance for holders of loans which are financed with funds obtained by the holder from the issuance of obligations originally issued on or after October 1, 1993, or refunded after September 30, 2004, [and before January 1, 2006,] the income from which is excluded from gross income under the In-

ternal Revenue Code of 1986, shall be the quarterly rate of the special allowance established under subparagraph (A), (E), (F), (G), (H), or (I) as the case may be. Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interest or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds.

(v) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, or paragraph (4), as the case may be, for a holder of loans that—

(I) * * *

* * * * * * *

(II) are—

(aa) financed by such an obligation that, after September 30, 2004, [and before January 1, 2006,] has matured or been retired or defeased;

(bb) refinanced after September 30, 2004, [and before January 1, 2006,] with funds obtained from a source other than funds described in subclause (I) of this clause; or

(cc) sold or transferred to any other holder after September 30, 2004[, and before January 1, 2006].

* * * * * * *

(5) DEFINITION OF ELIGIBLE LOAN.— * * *

(A)(i) * * *

* * * * * * *

(B) which is insured under this part, or made under a program covered by an agreement under section 428(b) of this Act.

[As used in this section the term "eligible loan" includes all loans subject to section 428I.]

* * * * * * *

(c) ORIGINATION FEES FROM STUDENTS.—

(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.— * * *

* * * * * * *

[(2) AMOUNT OF ORIGINATION FEES.—] *(2) AMOUNT OF ORIGINATION FEES.*—Subject to paragraph (6) of this subsection, with respect to any loan (including loans made under sections 428H, but excluding loans made under sections 428C and 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower. Except as provided in paragraph (8),

a lender that charges an origination fee under this paragraph shall assess the same fee to all student borrowers.

*(A) IN GENERAL.—*

*(B) SUBSEQUENT REDUCTIONS.—Subparagraph (A) shall be applied to loans made under this part (other than loans made under sections 428C and 439(o)) by substituting "2.50 percent" for "3.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2007.*

* * * * * * *

(d) LOAN FEES FROM LENDERS.—

(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—

(A) IN GENERAL.— * * *

* * * * * * *

[(2) AMOUNT OF LOAN FEES.—With respect to any loan under this part for which the first disbursement was made on or after October 1, 1993, the amount of the loan fee which shall be deducted under paragraph (1) shall be equal to 0.50 percent of the principal amount of the loan.]

*(2) AMOUNT OF LOAN FEES.—*

*(A) IN GENERAL.—Except as provided in subparagraph (B), with respect to any loan made under this part for which the first disbursement was made on or after October 1, 1993, the amount of the loan fee that shall be deducted under paragraph (1) shall be equal to 0.50 percent of the principal amount of the loan.*

*(B) CONSOLIDATION LOANS.—With respect to any loan made under section 428C on or after April 1, 2006, the amount of the loan fee that shall be deducted under paragraph (1) shall be equal to 1.0 percent of the principal amount of the loan.*

* * * * * * *

**SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.**

(a) PURPOSE.— * * *

* * * * * * *

(d) AUTHORITY OF ASSOCIATION.—

(1) IN GENERAL.—The Association is authorized, subject to the provisions of this section—

(A) * * *

* * * * * * *

(E) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students, except that—

(i) * * *

* * * * * * *

(iii) not later than 30 days prior to the initial implementation of a program undertaken pursuant to this subparagraph (E), the Association shall [advise the

Chairman and the Ranking Member on the Committee on Labor and Human Resources of the Senate and the Chairman and the Ranking Member of the Committee on Education and Labor of the House of Representatives] *advise the Chairpersons and Ranking Members of the authorizing committees* in writing of its plans to offer such program and shall provide information relating to the general terms and conditions of such program.

* * * * * * *

(r) SAFETY AND SOUNDNESS OF ASSOCIATION.—

(1) REPORTS BY THE ASSOCIATION.— * * *

* * * * * * *

(3) MONITORING OF SAFETY AND SOUNDNESS.—The Secretary of the Treasury shall conduct such studies as may be necessary to monitor the financial safety and soundness of the Association. In the event that the Secretary of the Treasury determines that the financial safety and soundness of the Association is at risk, the Secretary of the Treasury shall [inform the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives,] *inform the Chairpersons and Ranking Members of the authorizing committees* and the Secretary of Education of such determination and identify any corrective actions that should be taken to ensure the safety and soundness of the Association.

(5) CAPITAL RESTORATION PLAN—

(A) SUBMISSION, APPROVAL, AND IMPLEMENTATION.— * * *

(B) DISAPPROVAL.—If the Secretary of the Treasury does not approve a capital restoration plan as provided in subparagraph (A), then not later than the earlier of the date the Secretary of the Treasury disapproves of such plan by written notice to the Association or the expiration of the 30-day consideration period referred to in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall submit the Association's capital restoration plan, in the form most recently proposed to the Secretary of the Treasury by the Association, together with a report on the Secretary of the Treasury's reasons for disapproval of such plan and an alternative capital restoration [plan, to the Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor] *plan, to the Chairpersons and Ranking Members of the authorizing committees*. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury.

* * * * * * *

(6) SUBSTANTIAL CAPITAL RATIO REDUCTION.—

(A) ADDITIONAL PLAN REQUIRED.— * * *

(B) DISAPPROVAL.—If the Secretary of the Treasury disapproves a capital restoration plan or modified plan submitted pursuant to subparagraph (A), then, not later than the earlier of the date the Secretary of the Treasury disapproves of such plan or modified plan (by written notice to the Association) or the expiration of the 30-day consideration period described in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall prepare and submit an alternative capital restoration plan, together with a report on his reasons for disapproval of the Association's plan or modified [plan, to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives] *plan, to the Chairpersons and Ranking Members of the authorizing committees*. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury. The Association, within 5 days after receipt from the Secretary of the Treasury of such submission, shall submit to the [Chairmen and ranking minority members of such Committees] *Chairpersons and Ranking Members of the authorizing committees*, and the Secretary of the Treasury, a written response to such submission, setting out fully the nature and extent of the Association's agreement or disagreement with the Secretary of the Treasury with respect to the disapproved plan and the alternative plan of the Secretary of the Treasury and any findings of the Secretary of the Treasury.

* * * * * * *

(8) CRITICAL CAPITAL STANDARD.—(A) * * *

* * * * * * *

(C) Immediately upon a determination under subparagraph (A) or (B) to implement a capital restoration plan, the Secretary of the Treasury shall submit the capital restoration plan to be [implemented to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives, and] *implemented to the Chairpersons and Ranking Members of the authorizing committees, and to* the Secretary of Education.

* * * * * * *

(10) REVIEW BY SECRETARY OF EDUCATION.—The Secretary of Education shall review the Secretary of the Treasury's submission required pursuant to paragraph (5)(B), (6)(B), or (8) and shall submit a report within 30 [days to the Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and

Labor] *days to the Chairpersons and Ranking Members of the authorizing committees—*

(A) * * *

* * * * * * *

(s) CHARTER SUNSET.—

(1) APPLICATION OF PROVISIONS.— * * *

(2) SUNSET PLAN.—

(A) PLAN SUBMISSION BY THE ASSOCIATION.—Not later than July 1, 2007, the Association shall submit to the Secretary of the [Treasury and to the Chairman and Ranking Member of the Committee on Labor and Human Resources of the Senate and the Chairman and Ranking Member of the Committee on Economic and Educational Opportunities of the House of Representatives] *Treasury and to the Chairpersons and Ranking Members of the authorizing committees*, a detailed plan for the orderly winding up, by July 1, 2013, of business activities conducted pursuant to the charter set forth in this section. Such plan shall—

(i) * * *

* * * * * * *

(B) AMENDMENT OF THE PLAN BY THE ASSOCIATION.—The Association shall from time to time amend such plan to reflect changed circumstances, and submit such amendments to the Secretary of the [Treasury and to the Chairman and Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and Chairman and Ranking Minority Member of the Committee on Economic and Educational Opportunities of the House of Representatives] *Treasury and to the Chairpersons and Ranking Members of the authorizing committees*. In no case may any amendment extend the date for full implementation of the plan beyond the dissolution date provided in paragraph (3).

* * * * * * *

## PART C—FEDERAL WORK-STUDY PROGRAMS

**SEC. 441. PURPOSE; APPROPRIATIONS AUTHORIZED.**

(a) PURPOSE.— * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part, [$1,000,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 442. ALLOCATION OF FUNDS.**

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) * * *

* * * * * * *

(c) DETERMINATION OF INSTITUTION'S NEED.—(1) * * *

* * * * * * *

(4)(A) * * *

* * * * * * *

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to **[**$450**]**. *$600*

* * * * * * *

**SEC. 443. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.**

(a) AGREEMENTS REQUIRED.— * * *

(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

(1) * * *

* * * * * * *

(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that—

**[**(A) for fiscal year 1999, an institution shall use at least 5 percent of the total amount of funds granted to such institution under this section in any fiscal year to compensate students employed in community service (including a reasonable amount of time spent in travel or training directly related to such community service), except that the Secretary may waive this subparagraph if the Secretary determines that enforcing it would cause hardship for students at an institution;**]**

**[**(B)**]** *(A)* for fiscal year 2000 and succeeding fiscal years, an institution shall use at least 7 percent of the total amount of funds granted to such institution under this section for such fiscal year to compensate students employed in community service, and shall ensure that not less than 1 tutoring or family literacy project (as described in subsection (d)) is included in meeting the requirement of this subparagraph, except that the Secretary may waive **[**this subparagraph if the Secretary determines that enforcing this subparagraph would cause hardship for students at the institution;**]** and *this subparagraph if—*

*(i) the Secretary determines that enforcing this subparagraph would cause hardship for students at the institution; or*

*(ii) the institution certifies to the Secretary that 15 percent or more of its total full-time enrollment participates in community service activities described in section 441(c) or tutoring and literacy activities described in subsection (d) of this section;*

**[**(C)**]** *(B)* an institution may use a portion of the sums granted to it to meet administrative expenses in accordance with section 489 of this Act, may use a portion of the sums granted to it to meet the cost of a job location and development program in accordance with section 446 of this part, and may transfer funds in accordance with the provisions of section 488 of this Act;

* * * * * * *

**SEC. 446. JOB LOCATION AND DEVELOPMENT PROGRAMS.**

(a) AGREEMENTS REQUIRED.—(1) The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than 10 percent or [$50,000] *$75,000* of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions, locates and develops jobs, including community service jobs, for currently enrolled students.

* * * * * * *

**SEC. 448. WORK COLLEGES.**

(a) PURPOSE.— * * *

(b) SOURCES AND USE FUNDS.—

(1) SOURCE OF FUNDS.—In addition to the sums appropriated [under subsection (f)] *for this section under section 441(b)*, funds allocated to the institution under part C and part E of this title may be transferred for use under this section to provide flexibility in strengthening the self-help-through-work element in financial aid packaging.

(2) ACTIVITIES AUTHORIZED.—From the sums appropriated [pursuant to subsection (f)] *for this section under section 441(b)*, and from the funds available under paragraph (1), eligible institutions may, following approval of an application under subsection (c) by the Secretary—

(A) * * *

(B) * * *

*(C) support existing and new model student volunteer community service projects associated with local institutions of higher education, such as operating drop-in resource centers that are staffed by students and that link people in need with the resources and opportunities necessary to become self-sufficient;*

[(C)] *(D)* carry out activities described in section 443 or 446;

[(D)] *(E)* be used for the administration, development and assessment of comprehensive work-learning programs, including—

(i) * * *

* * * * * * *

[(E)] *(F)* coordinate and carry out joint projects and activities to promote work service learning; and

[(F)] *(G)* * * *

(c) APPLICATION.—Each eligible institution may submit an application for funds authorized [by subsection (f) to use funds under subsection (b)(1)] *for this section under section 441(b) or to use funds under subsection (b)(1),*

* * * * * * *

[(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for the fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

* * * * * * *

**SEC. 455. TERMS AND CONDITIONS OF LOANS.**

(a) IN GENERAL.—

(1) PARALLEL TERMS, CONDITIONS, BENEFITS, AND AMOUNTS.— * * *

* * * * * * *

(b) INTEREST RATE.—

(1) RATES FOR FDSL AND FDUSL.— * * *

* * * * * * *

(8) REPAYMENT INCENTIVES.—

(A) IN GENERAL.— * * *

(B) ACCOUNTABILITY.—Prior to publishing regulations proposing repayment incentives, the Secretary shall ensure the cost neutrality of such reductions. The Secretary shall not prescribe such regulations in final form unless an official report from the Director of the Office of Management and Budget to the Secretary and a comparable report from the Director of the Congressional Budget Office to the Congress each certify that any such reductions will be completely cost neutral. Such reports shall be transmitted to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* not less than 60 days prior to the publication of regulations proposing such reductions.

* * * * * * *

(c) LOAN FEE.—The Secretary [shall] *is authorized to* charge the borrower of a loan made under this part an origination fee of [4.0 percent of the principal amount of loan] *not less than 1 percent and not more than 3 percent of the principal amount of the loan, except that the Secretary shall charge the borrower of a Federal Direct PLUS Loan an origination fee of 4.0 percent of the principal amount of the loan. Beginning on July 1, 2007, the preceding sentence shall be applied by substituting "2.5 percent" for "3 percent".*

* * * * * * *

(e) INCOME CONTINGENT REPAYMENT.—

(1) INFORMATION AND PROCEDURES.— * * *

* * * * * * *

*(7) REPAYMENT PLAN FOR PUBLIC SECTOR EMPLOYEES.—*

*(A) IN GENERAL.—The Secretary shall forgive the balance due on any loan made under this part or section 428C(b)(5) for a borrower—*

*(i) who has made 120 payments on such loan pursuant to income contingent repayment; and*

*(ii) who is employed, and was employed for the 10-year period in which the borrower made the 120 payments described in clause (i), in a public sector job.*

*(B) PUBLIC SECTOR JOB.—In this paragraph, the term 'public sector job' means a full-time job in emergency management, government, public safety, law enforcement, public health, education (including early childhood education), or public interest legal services (including prosecution or public defense).*

*(8) RETURN TO STANDARD REPAYMENT.—A borrower who is repaying a loan made under this part pursuant to income contingent repayment may choose, at any time, to terminate repayment pursuant to income contingent repayment and repay such loan under the standard repayment plan.*

* * * * * * *

(f) DEFERMENT.—

(1) EFFECT ON PRINCIPAL AND INTEREST.— * * *

* * * * * * *

(2) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a deferment during any period—

(A) during which the borrower— * * *

* * * * * * *

(B) * * *

*(C) not in excess of 3 years during which the borrower—*

*(i) is serving on active duty during a war or other military operation or national emergency; or*

*(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; or*

**[**(C)**]** *(D)* not in excess of 3 years during which the Secretary determines, in accordance with regulations prescribed under section 435(o), that the borrower has experienced or will experience an economic hardship.

* * * * * * *

**SEC. 458. FUNDS FOR ADMINISTRATIVE EXPENSES.**

(a) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.— * * *

(A) * * *

(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with subsections (b) and (c),

not to exceed (from such funds not otherwise appropriated) **[**$617,000,000 in fiscal year 1999, $735,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003.**]** *$904,000,000 in fiscal year 2006, $943,000,000 in fiscal year 2007, $983,000,000 in fiscal year 2008, $1,023,000,000 in fiscal year 2009, $1,064,000,000 in fiscal year 2010, and $1,106,000,000 in fiscal year 2011.*

* * * * * * *

(c) SPECIAL RULES.—

(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

**[**(A) for fiscal year 1999, shall not exceed $177,000,000;

**[**(B) for fiscal year 2000, shall not exceed $180,000,000;

**[**(C) for fiscal year 2001, shall not exceed $170,000,000;

**[**(D) for fiscal year 2002, shall not exceed $180,000,000; and

**[**(E) for fiscal year 2003, shall not exceed $195,000,000.**]**

*(A) for fiscal year 2006, shall not exceed $271,000,000;*

*(B) for fiscal year 2007, shall not exceed $293,000,000;*

*(C) for fiscal year 2008, shall not exceed $315,000,000;*

*(D) for fiscal year 2009, shall not exceed $336,000,000;*

*(E) for fiscal year 2010, shall not exceed $356,000,000; and*

*(F) for fiscal year 2011, shall not exceed $378,000,000.*

* * * * * * *

## PART E—FEDERAL PERKINS LOANS

**SEC. 461. APPROPRIATIONS AUTHORIZED.**

(a) PROGRAM AUTHORITY.— * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated **[**$250,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

(2) In addition to the funds authorized under paragraph (1), there are hereby authorized to be appropriated such sums for **[**fiscal year 2003**]** *fiscal year 2012* and each of the 5 succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to **[**October 1, 2003**]** *October 1, 2012*, to continue or complete courses of study.

* * * * * * *

**SEC. 464. TERMS OF LOANS.**

(a) TERMS AND CONDITIONS.—(1) * * *

* * * * * * *

(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with part F of this title, who meets the requirements of section 484, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan. A student who is in default on a loan under this part shall not be eligible **[**for an additional loan under this part**]** *for additional aid under this title* unless such loan meets one of the conditions for exclusion under section 462(g)(1)(E).

* * * * * * *

(c) CONTENTS OF LOAN AGREEMENT.—(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part— * * *

* * * * * * *

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) during which the borrower— * * *

* * * * * * *

(ii) * * *

*(iii) not in excess of 3 years during which the borrower—*

*(I) is serving on active duty during a war or other military operation or national emergency; or*

*(II) is performing qualifying National Guard duty during a war or other military operation or national emergency;*

[(iii)] *(iv)* not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 435(o), has caused or will cause the borrower to have an economic hardship; or

[(iv)] *(v)* during which the borrower is engaged in service described in section 465(a)(2);

and provides that any such period shall not be included in determining the 10-year period described in subparagraph (A) of paragraph (1).

* * * * * * *

(e) FORBEARANCE.—The Secretary shall ensure that, upon [written] request, an institution of higher education shall grant a borrower forbearance of principal and interest or principal only, renewable at 12-month intervals for a period not to exceed 3 years, on such terms as are otherwise consistent with the regulations issued by the Secretary and agreed upon in writing by the parties to the loan, if—

(1) * * *

* * * * * * *

**SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.**

(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) * * *

(2) Loans shall be canceled under paragraph (1) for service—

(A) * * *

(B) as a full-time staff member in a preschool program carried on under the [Head Start Act which] *Head Start Act, or in a prekindergarten or child care program that is licensed or regulated by the State, that* is operated for a period which is comparable to a full school year in the locality if the salary of such staff member is not more than the salary of a comparable employee of the local educational agency;

* * * * * * *

(H) as a full-time nurse or medical technician providing health care services; [or]

(I) as a full-time employee of a public or private nonprofit child or family service agency who is providing, or supervising the provision of, services to high-risk children who are from low-income communities and the families of such children[.]*;*

*(J) as a full-time faculty member at a Tribal College or University, as that term is defined in section 316;*

*(K) as a librarian, if the librarian has a master's degree in library science and is employed in—*

*(i) an elementary school or secondary school that is eligible for assistance under title I of the Elementary and Secondary Education Act of 1965; or*

*(ii) a public library that serves a geographic area that contains 1 or more schools eligible for assistance under title I of the Elementary and Secondary Education Act of 1965; or*

*(L) as a full-time speech language therapist, if the therapist has a master's degree and is working exclusively with schools*

*that are eligible for assistance under title I of the Elementary and Secondary Education Act of 1965.*

* * * * * * *

(3)(A) The percent of a loan which shall be canceled under paragraph (a) of this subsection is—

(i) in the case of service described in subparagraph (A), (C), (F), (G), (H), [or (I)] *(I), (J), (K), or (L)* of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

* * * * * * *

**SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.**

(a) IN GENERAL.—After September 30, [2003] *2011*, and not later than March 31, [2004] *2012*, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, [2003] *2011*, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

* * * * * * *

(c) DISTRIBUTION OF EXCESS CAPITAL.—(1) Upon a finding by the institution or the Secretary prior to October 1, [2004] *2012*, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

(A) * * *

* * * * * * *

**SEC. 372. COST OF ATTENDANCE.**

For the purpose of this title, the term "cost of attendance" means—

(1) * * *

* * * * * * *

[(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (8));]

*(4) for less than half-time students (as determined by the institution), tuition and fees and an allowance for only—*

*(A) books, supplies, and transportation (as determined by the institution);*

*(B) dependent care expenses (determined in accordance with paragraph (8)); and*

*(C) room and board costs (determined in accordance with paragraph (3)), except that a student may receive an allow-*

*ance for such costs under this subparagraph for not more than 3 semesters or the equivalent, of which not more than 2 semesters or the equivalent may be consecutive;*

* * * * * * *

(11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); [and]

(12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost for any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan, as the case may be[.] *; and*

*(13) at the option of the institution, for a student in a program requiring professional licensure or certification, the one time cost of obtaining the first professional credentials (as determined by the institution).*

* * * * * * *

**SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.**

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.— * * *

* * * * * * *

(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

(1) IN GENERAL.— * * *

* * * * * * *

(2) ADJUSTMENT TO STUDENT INCOME.—The adjustment to student income is equal to the sum of—

(A) * * *

* * * * * * *

(D) an income protection allowance of [$2,200] *$3,000* (or a successor amount prescribed by the Secretary under section 478);

* * * * * * *

(h) STUDENT CONTRIBUTION FROM ASSETS.—The student contribution from assets is determined by calculating the net assets of the student and multiplying such amount by [35] *20* percent, except that the result shall not be less than zero.

* * * * * * *

**SEC. 476. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.**

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.— * * *

* * * * * * *

(b) FAMILY'S CONTRIBUTION FROM AVAILABLE INCOME.—

(1) IN GENERAL.—The family's contribution from income is determined by—

(A) deducting from total income (as defined in section 480)—

(i) * * *

* * * * * * *

(iv) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—

(I) [$5,000] *$6,050* for single students;

(II) [$5,000] *$6,050* for married students where both are enrolled pursuant to subsection (a)(2); and

(III) [$8,000] *$9,700* for married students where one is enrolled pursuant to subsection (a)(2);

* * * * * * *

(c) FAMILY CONTRIBUTION FROM ASSETS.—

(1) IN GENERAL.— * * *

* * * * * * *

(4) ASSET CONVERSION RATE.—The asset conversion rate is [35] *20* percent.

* * * * * * *

**SEC. 477. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.**

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.— * * *

* * * * * * *

(c) FAMILY'S CONTRIBUTION FROM ASSETS.—

(1) IN GENERAL.— * * *

* * * * * * *

(4) ASSET CONVERSION RATE.—The asset conversion rate is [12] *7* percent.

* * * * * * *

**SEC. 478. REGULATIONS; UPDATED TABLES.**

(a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.— * * *

* * * * * * *

(b) INCOME PROTECTION ALLOWANCE.—

(1) REVISED TABLES.—For each academic year after academic year 1993–1994, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10. *For the 2007–2008 academic year, the Secretary shall revise the tables in accordance with this paragraph, except that the Secretary shall increase the amounts contained in the table in section 477(b)(4) by a percentage equal to the greater of the estimated percentage increase in the Consumer Price Index (as determined under the preceding sentence) or 5 percent.*

(2) REVISED AMOUNTS.—For each academic year after academic year [2000–2001] *2007–2008*, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1999 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

* * * * * * *

**SEC. 479. SIMPLIFIED NEEDS TESTS.**

(a) SIMPLIFIED APPLICATION SECTION.—

(1) IN GENERAL.— * * *

* * * * * * *

(b) SIMPLIFIED NEEDS TEST.—

(1) ELIGIBILITY.—An applicant is eligible to file a simplified form containing the elements required by paragraph (2) if—

(A) in the case of an applicant who is a dependent student—

[(i) the student's parents file or are eligible to file a form described in paragraph (3) or certify that they are not required to file an income tax return and the student files or is eligible to file such a form or certifies that the student is not required to file an income tax return; and]

*(i) the student's parents—*

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

*(II) certify that the parents are not required to file a Federal income tax return; or*

*(III) received, or the student received, benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and*

* * * * * * *

(B) in the case of an applicant who is an independent student—

[(i) the student (and the student's spouse, if any) files or is eligible to file a form described in paragraph (3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return; and]

*(i) the student (and the student's spouse, if any)—*

*(I) files, or is eligible to 1 file, a form described in paragraph (3);*

*(II) certifies that the student (and the student's spouse, if any) is not required to file a Federal income tax return; or*

*(III) received benefits at some time during the previous 12-month period under a means-tested*

*Federal benefit program as defined under subsection (d); and*

* * * * * * *

(3) QUALIFYING FORMS.—[A student or family files a form described in this subsection, or subsection (c), as the case may be, if the student or family, respectively, files] *In the case of an independent student, the student, or in the case of a dependent student, the family, files a form described in this subsection, or subsection (c), as the case may be, if the student or family, as appropriate, files—*

* * * * * * *

(c) ZERO EXPECTED FAMILY CONTRIBUTION.—The Secretary shall consider an applicant to have an expected family contribution equal to zero if—

(1) in the case of a dependent student—

[(A) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or certify that the parents are not required to file an income tax return and the student files, or is eligible to file, such a form, or certifies that the student is not required to file an income tax return; and]

*(A) the student's parents—*

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

*(ii) certify that the parents are not required to file a Federal income tax return; or*

*(iii) received, or the student received, benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and*

[(B) the sum of the adjusted gross income of the parents is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in 1992 or the current year, whichever is higher, in order to claim the maximum Federal earned income credit; or]

*(B) the sum of the adjusted gross income of the parents is less than or equal to $20,000; or*

[(2) in the case of an independent student with dependents other than a spouse—

[(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or certifies that the student (and the student's spouse, if any) is not required to file an income tax return; and

[(B) the sum of the adjusted gross income of the student and spouse (if appropriate) is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in 1992 or the current year, whichever is higher, in order to claim the maximum Federal earned income credit.]

*(A) the student (and the student's spouse, if any)—*

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

*(ii) certifies that the student (and the student's spouse, if any) is not required to file a Federal income tax return; or*

*(iii) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and*

*(B) the sum of the adjusted gross income of the student and spouse (if appropriate) is less than or equal to $20,000.*

An individual is not required to qualify or file for the earned income credit in order to be eligible under this subsection.

*(d) DEFINITIONS.—In this section:*

*(1) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—In this section, the term means-tested Federal benefit program" means a mandatory spending program of the Federal Government, other than a program under this title, in which eligibility for the program's benefits, or the amount of such benefits, are determined on the basis of income or resources of the individual or family seeking the benefit, and may include such programs as—*

*(A) the supplemental security income program under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);*

*(B) the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);*

*(C) the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);*

*(D) the program of block grants for States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);*

*(E) the special supplemental nutrition program for women, infants, and children established by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); and*

*(F) other programs identified by the Secretary.*

* * * * * * *

**SEC. 479A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.**

(a) IN GENERAL.—Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member *or an independent student*, the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, *a change in housing status that results in homelessness,* or other changes in a family's income, a family's assets, or a student's status. Special circumstances shall be conditions that differentiate an

individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

* * * * * * *

**SEC. 480. DEFINITIONS.**

As used in this part:

(a) TOTAL INCOME.—(1) * * *

* * * * * * *

(f) ASSETS.—(1) The term "assets" means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, *qualified education benefits (except as provided in paragraph (3)),* and the net value of real estate, income producing property, and business and farm assets.

* * * * * * *

*(3) A qualified education benefit shall not be considered an asset of a student for purposes of section 475.*

*(4) In determining the value of assets in a determination of need under this title (other than for subpart 4 of part A), the value of a qualified education benefit shall be—*

*(A) the refund value of any tuition credits or certificates purchased under a qualified education benefit; and*

*(B) in the case of a program in which contributions are made to an account that is established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account, the current balance of such account.*

*(5) In this subsection:*

*(A) QUALIFIED EDUCATION BENEFIT.—The term 'qualified education benefit' means—*

*(i) a qualified tuition program (as defined in section 529(b)(1)(A) of the Internal Revenue Code of 1986) or other prepaid tuition plan offered by a State; and*

*(ii) a Coverdell education savings account (as defined in section 530(b)(1) of the Internal Revenue Code of 1986).*

*(B) QUALIFIED HIGHER EDUCATION EXPENSES.—The term "qualified higher education expenses" has the meaning given the term in section 529(e) of the Internal Revenue Code of 1986.*

(j) OTHER FINANCIAL ASSISTANCE[; TUITION PREPAYMENT PLANS].—(1) * * *

[(2)(A) Except as provided in subparagraph (B), for purposes of determining a student's eligibility for funds under this title, tuition prepayment plans shall reduce the cost of attendance (as determined under section 472) by the amount of the prepayment, and shall not be considered estimated financial assistance.

[(B) If the institutional expense covered by the prepayment must be part of the student's cost of attendance for accounting purposes, the prepayment shall be considered estimated financial assistance.]

[(3)] *(2)* Notwithstanding paragraph (1), a tax credit taken under section 25A of the Internal Revenue Code of 1986 shall not be treated as estimated financial assistance for purposes of section 471(3).

*(3) Notwithstanding paragraph (1) and section 472, assistance not received under this title may be excluded from both estimated financial assistance and cost of attendance, if that assistance is designated by the State providing that assistance to offset a specific component of the cost of attendance. If that assistance is excluded from estimated financial assistance or cost of attendance, that assistance shall be excluded from both calculations.*

* * * * * * *

## PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

**SEC. 481. DEFINITIONS.**

(a) ACADEMIC AND AWARD YEAR.—(1) * * *

(2) For the purpose of any program under this title, the term "academic year" shall require a minimum of 30 weeks of instructional time, and, with respect to an undergraduate course of study, shall require that during such minimum period of instructional time a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an institution that measures program length in credit hours, or at least 900 clock hours at an institution that measures program length in clock hours. The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree *and that measures program length in credit hours or clock hours*.

(b) ELIGIBLE PROGRAM.—(1) * * *

* * * * * * *

(2)(A) * * *

* * * * * * *

*(3) For purposes of this title, the term "eligible program" includes an instructional program that utilizes direct assessment of student learning or recognizes the direct assessment of student learning by others, if such assessment is consistent with the accreditation of the institution or program utilizing the results of the assessment, in lieu of credit hours or clock hours as the measure of student learning. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be an eligible program.*

(c) THIRD PARTY SERVICER.— * * *

* * * * * * *

*(d) DEFINITIONS FOR MILITARY DEFERMENTS.—For purposes of parts B, D, and E of this title:*

*(1) ACTIVE DUTY.—The term "active duty" has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.*

*(2) MILITARY OPERATION.—The term "military operation" means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.*

*(3) NATIONAL EMERGENCY.—The term "national emergency" means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.*

*(4) SERVING ON ACTIVE DUTY.—The term "serving on active duty during a war or other military operation or national emergency" means service by an individual who is—*

*(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other military operation or national emergency, regardless of the location at which such active duty service is performed; and*

*(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.*

*(5) QUALIFYING NATIONAL GUARD DUTY.—The term "qualifying National Guard duty during a war or other military operation or national emergency" means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.*

* * * * * * *

**SEC. 482. MASTER CALENDAR.**

(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.— * * *

* * * * * * *

(d) NOTICE TO CONGRESS.—The Secretary shall notify the [Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives] *authorizing committees* when a deadline included in the calendar described in subsection (a) is not met. Nothing in this section shall be interpreted to penalize institutions or deny them the specified times allotted to enable them to return information to the Secretary based on the failure of the Secretary to adhere to the dates specified in this section.

*(e) COMPLIANCE CALENDAR.—Prior to the beginning of each award year, the Secretary shall provide to institutions of higher education a list of all the reports and disclosures required under this Act. The list shall include—*

*(1) the date each report or disclosure is required to be completed and to be submitted, made available, or disseminated;*

*(2) the required recipients of each report or disclosure;*

*(3) any required method for transmittal or dissemination of each report or disclosure;*

*(4) a description of the content of each report or disclosure sufficient to allow the institution to identify the appropriate individuals to be assigned the responsibility for such report or disclosure;*

*(5) references to the statutory authority, applicable regulations, and current guidance issued by the Secretary regarding each report or disclosure; and*

*(6) any other information which is pertinent to the content or distribution of the report or disclosure.*

* * * * * * *

**SEC. 483. FORMS AND REGULATIONS.**

[(A) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING.—

[(1) SINGLE FORM REQUIRED.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A). The Secretary shall include on the form developed under this subsection such data items as the Secretary determines are appropriate for inclusion. Such items shall be selected in consultation with States to assist in the awarding of State financial assistance. In no case shall the number of such data items be less than the number included on the form on the date of enactment of the Higher Education Amendments of 1998. Such form shall satisfy the reuirements of section 401(d) of this title.

[(2) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORM PROHIBITED.—The common financial reporting form prescribed by the Secretary under paragraph (1) shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of such form. The need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A) may only be determined by using the form developed by the Secretary pursuant to paragraph (1) of this subsection. No student may receive assistance under parts A through E of this title (other than under subpart 4 of part A), except by use of the form developed by the Secretary pursuant to this section. No data collected on a form for which a fee is charged shall be used to complete the form prescribed under paragraph (1).

[(3) DISTRIBUTION OF DATA.—Institutions of higher education, guaranty agencies, and States shall receive, without charge, the data collected by the Secretary using the form developed pursuant to this section for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards. Entities designated by

institutions of higher education, guaranty agencies, or States to receive such data shall be subject to all the requirements of this section, unless such requirements are waived by the Secretary.

[(4) CONTRACTS FOR COLLECTION AND PROCESSING.—(A) The Secretary shall, to the extent practicable, enter into not less than 5 contracts with States, institutions of higher education, or private organizations for the purposes of the timely collection and processing of the form developed pursuant to paragraph (1) and the timely delivery of the data submitted on such form. The Secretary shall use such contracts to assist States and institutions of higher education with the collection of additional data required to award State or institutional financial assistance, except that the Secretary shall not include these additional data items on the common financial reporting form developed pursuant to this section. The Secretary shall include in each such contract a requirement that—

[(i) any charges by the contractor to the student of parent for additional data items required by a State or institution for any purpose (regardless of the method of collection) shall be reasonable and shall not exceed the marginal cost of collecting, processing, and delivering such additional data, taking into account any payment received by the contractor to produce, distribute, and process the common financial reporting form prescribed by the Secretary pursuant to paragraph (1); and

[(ii) the contractor will require any person or entity to whom the contractor provides such additional data to agree not to collect from any student or parent any charge that would not be permitted under this subparagraph for any such additional data.

[(B) To the extent practicable, the Secretary shall ensure that at least one contractor, or a portion of one contract, under this paragraph will serve graduate and professional students.

[(C) As part of the procurement process for the 1993–1994 award year, and for all procurements thereafter pertaining to the contracts under this paragraph, the Secretary shall require all entities competing for such contracts to comply with all requirements of this subsection and to—

[(i) use the common financial reporting form as prescribed in paragraph (1), which shall be clearly identified as the "Free Application for Federal Student Aid"; and

[(ii) use a common, simplified reapplication form as the Secretary shall prescribe pursuant to subsection (b), in each award year.

[(D) The Secretary shall reimburse all approved contractors at a reasonable predetermined rate for processing such applications, for issuing eligibility reports, and for carrying out other services of requirements that may be prescribed by the Secretary.

[(E) All approved contractors shall be required to adhere to all editing, processing, and reporting requirements established by the Secretary to ensure consistency.

[(F) No approved contractor shall enter into exclusive arrangements with guarantors, lenders, secondary markets, or

institutions of higher education for the purpose of reselling or sharing of data collected for the multiple data entry process. All data collected under a contract issued by the Secretary pursuant to this paragraph for the multiple data entry process is the exclusive property of the Secretary and may not be transferred to a third party by an approved contractor without the Secretary's express written approval.

[(5) ELECTRONIC FORMS.—(A) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private computer software providers, shall develop an electronic version of the form described in paragraph (1). As permitted by the Secretary, such an electronic version shall not require a signature to be collected at the time such version is submitted, if a signature is subsequently submitted by the applicant. The Secretary shall prescribe such version not later than 120 days after the date of enactment of the Higher Education Amendments of 1998.

[(B) Nothing in this section shall be construed to prohibit the use of the form developed by the Secretary pursuant to subparagraph (A) by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software providers, a consortium thereof, or such other entities as the Secretary may designate.

[(C) No fee shall be charged to students in connection with the use of the electronic version of the form, or of any other electronic forms used in conjunction with such form in applying for Federal or State student financial assistance.

[(D) The Secretary shall ensure that data collection complies with section 552a of title 5, United States Code, and that any entity using the electronic version of the form developed by the Secretary pursuant to subparagraph (A) shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the form. Data collected by such version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary.

[(6) THIRD PARTY SERVICERS AND PRIVATE SOFTWARE PROVIDERS.—To the extent practicable and in a timely manner, the Secretary shall provide, to private organizations and consortia that develop software used by eligible institutions for the administration of funds under this title, all the necessary specifications that the organizations and consortia must meet for the software the organizations and consortia develop, produce, and distribute (including any diskette, modem, or network communications) which are so used. The specifications shall contain record layouts for required data. The Secretary shall develop in advance of each processing cycle an annual schedule

for providing such specifications. The Secretary, to the extent practicable, shall use means of providing such specifications, including conferences and other meetings, outreach, and technical support mechanisms (such as training and printed reference materials). The Secretary shall, from time to time, solicit from such organizations and consortia means of improving the support provided by the Secretary.

[(7) PARENT'S SOCIAL SECURITY NUMBER AND BIRTH DATE.—The Secretary is authorized to include on the form developed under this subsection space for the social security number and birth date of parents of dependent students seeking financial assistance under this title.

[(b) STREAMLINED REAPPLICATION PROCESS.—(1) The Secretary shall develop a streamlined reapplication form and process, including electronic reapplication process, consistent with the requirements of subsection (a), for those recipients who apply for financial aid funds under this title in the next succeeding academic year subsequent to the initial year in which such recipients apply.

[(2) The Secretary shall develop appropriate mechanisms to support reapplication.

[(3) The Secretary shall determine, in cooperation with States, institutions of higher education, agencies and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.

[(4) Nothing in this title shall be interpreted as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.

[(5) Individuals determined to have a zero family contribution pursuant to section 479 shall not be required to provide any financial data, except that which is necessary to determine eligibility under that section.]

*(a) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING.—*

*(1) IN GENERAL.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used to determine the need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A). The forms shall be made available to applicants in both paper and electronic formats and shall be referred to (except as otherwise provided in this subsection) as the "Free Application for Federal Student Aid", or "FAFSA".*

*(2) PAPER FORMAT.—*

*(A) IN GENERAL.—Subject to subparagraph (C), the Secretary shall produce, distribute, and process common forms in paper format to meet the requirements of paragraph (1). The Secretary shall develop a common paper form for applicants who do not meet the requirements of or do not wish to use the process described in subparagraph (B).*

*(B) EZ FAFSA.—*

*(i) IN GENERAL.—The Secretary shall develop and use a simplified paper application form, to be known*

*as the "EZ FAFSA", to be used for applicants meeting the requirements under section 479(c).*

*(ii) REDUCED DATA REQUIREMENTS.—The EZ FAFSA shall permit an applicant to submit for purposes of determining financial need and eligibility, only the data elements required to make a determination of student eligibility and whether the applicant meets the requirements of section 479(c).*

*(iii) STATE DATA.—The Secretary shall include on the EZ FAFSA such data items as may be necessary to award State financial assistance, as provided under paragraph (5), except the Secretary shall not include a State's data if that State does not permit its applicants for State assistance to use the EZ FAFSA.*

*(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (6) shall apply to the EZ FAFSA, and the data collected by means of the EZ FAFSA shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).*

*(v) TESTING.—The Secretary shall conduct appropriate field testing on the EZ FAFSA.*

*(C) PHASING OUT THE FULL PAPER FORM FOR STUDENTS WHO DO NOT MEET THE REQUIREMENTS OF THE EZ FAFSA.—*

*(i) IN GENERAL.—The Secretary shall make all efforts to encourage all applicants to utilize the electronic forms described in paragraph (3).*

*(ii) PHASEOUT OF FULL PAPER FAFSA.—Not later than 5 years after the date of enactment of the Higher Education Amendments of 2005, to the extent practicable, the Secretary shall phase out the printing of the long paper form created under subparagraph (A) and used by applicants who do not meet the requirements of the EZ FAFSA described in subparagraph (B).*

*(iii) AVAILABILITY OF FULL PAPER FAFSA.—*

*(I) IN GENERAL.—Both prior to and after the phaseout described in clause (ii), the Secretary shall maintain on the Internet printable versions of the paper forms described in subparagraphs (A) and (B).*

*(II) ACCESSIBILITY.—The printable versions described in subclause (I) shall be made easily accessible and downloadable to students on the same Web site used to provide students with the common electronic forms described in paragraph (3).*

*(III) SUBMISSION OF FORMS.—The Secretary shall conduct a study to determine the feasibility of using downloaded forms to ensure sufficient quality to meet the processing requirements of this section. Following the completion of the study, the Secretary shall enable, to the extent practicable, students to submit a form described in this clause that is downloaded from the Internet and printed, in order to meet the filing requirements of this sec-*

*tion and to receive financial assistance under this title.*

*(iv) USE OF SAVINGS.—*

*(I) IN GENERAL.—The Secretary shall utilize any realized savings accrued by phasing out the full paper FAFSA and moving more applicants to the common electronic forms, to improve access to the electronic forms for applicants meeting the requirements of section 479(c).*

*(II) REPORT.—The Secretary shall report annually to the authorizing committees on—*

*(aa) the steps taken to improve access to the common electronic forms for applicants meeting the requirements of section 479(c); and*

*(bb) the phaseout of the long common paper form described in subparagraph (A).*

*(3) ELECTRONIC FORMAT.—*

*(A) IN GENERAL.—The Secretary shall produce, distribute, and process common forms in electronic format and make such forms available through a broadly accessible website to meet the requirements of paragraph (1). The Secretary shall develop common electronic forms for applicants who do not meet the requirements of subparagraph (B). The Secretary shall include on the common electronic forms space for information that needs to be submitted from the applicant to be eligible for State financial assistance, as provided under paragraph (5), except the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence. The Secretary shall use all available technology to ensure that a student using a common electronic form answers only the minimum number of questions necessary.*

*(B) SIMPLIFIED ELECTRONIC APPLICATIONS.—*

*(i) IN GENERAL.—The Secretary shall develop and use a simplified electronic application form to be used by applicants meeting the requirements of section 479(c) and an additional, separate simplified electronic application form to be used by applicants meeting the requirements under section 479(b).*

*(ii) REDUCED DATA REQUIREMENTS.—The simplified electronic application forms shall permit an applicant to submit for purposes of determining financial need and eligibility, only the data elements required to make a determination of student eligibility and whether the applicant meets the requirements of subsection (b) or (c) of section 479.*

*(iii) STATE DATA.—The Secretary shall include on the simplified electronic application forms such data items as may be necessary to award State financial assistance, as provided under paragraph (5), except the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence and shall not include a State's data if such State does not permit its applicants for State assistance*

*to use the simplified electronic application form described in this subparagraph.*

*(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (6) shall apply to the simplified electronic application forms, and the data collected by means of the simplified electronic application forms shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).*

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

*(C) USE OF FORMS.—Nothing in this subsection shall be construed to prohibit the use of the forms developed by the Secretary pursuant to this paragraph by an eligible institution, eligible lender, a guaranty agency, a State grant agency, a private computer software provider, a consortium of such entities, or such other entity as the Secretary may designate. Data collected by the forms shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such electronic version of the forms shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary, except as may be permitted under this title.*

*(D) PRIVACY.—The Secretary shall ensure that data collection under this paragraph complies with section 552a of title 5, United States Code, and that any entity using the electronic version of the forms developed by the Secretary pursuant to this paragraph shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the forms.*

*(E) SIGNATURE.—Notwithstanding any other provision of this Act, the Secretary may permit an electronic form under this paragraph to be submitted without a signature, if a signature is subsequently submitted by the applicant or if the applicant uses a personal identification number provided by the Secretary under subparagraph (F).*

*(F) PERSONAL IDENTIFICATION NUMBERS AUTHORIZED.—The Secretary is authorized to assign to applicants personal identification numbers—*

*(i) to enable the applicants to use such numbers as a signature for purposes of completing a form under this paragraph; and*

*(ii) for any purpose determined by the Secretary to enable the Secretary to carry out this title.*

*(4) STREAMLINED REAPPLICATION PROCESS.—*

*(A) IN GENERAL.—The Secretary shall develop streamlined reapplication forms and processes, including both paper and electronic reapplication processes, consistent*

*with the requirements of this subsection, for an applicant who applies for financial assistance under this title in the next succeeding academic year subsequent to an academic year in which such applicant applied for financial assistance under this title.*

*(B) MECHANISMS FOR REAPPLICATION.—The Secretary shall develop appropriate mechanisms to support reapplication.*

*(C) IDENTIFICATION OF UPDATED DATA.—The Secretary shall determine, in cooperation with States, institutions of higher education, and agencies and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.*

*(D) REDUCED DATA AUTHORIZED.—Nothing in this title shall be construed as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.*

*(E) ZERO FAMILY CONTRIBUTION.—Applicants determined to have a zero family contribution pursuant to section 479(c) shall not be required to provide any financial data in a replication form, except that which is necessary to determine eligibility under such section.*

*(5) STATE REQUIREMENTS.—*

*(A) IN GENERAL.—Except as provided in paragraphs (2)(B)(iii), (3)(A), and (3)(B)(iii), the Secretary shall include on the forms developed under this subsection, such State-specific data items as the Secretary determines are necessary to meet State requirements for need-based State aid. Such items shall be selected in consultation with State agencies in order to assist in the awarding of State financial assistance in accordance with the terms of this subsection, except as provided in paragraphs (2)(B)(iii), (3)(A), and (3)(B)(iii). The number of such data items shall not be less than the number included on the form for the 2005–2006 award year unless a State notifies the Secretary that the State no longer requires those data items for the distribution of State need-based aid.*

*(B) ANNUAL REVIEW.—The Secretary shall conduct an annual review process to determine which data items the States require to award need-based State aid.*

*(C) ENCOURAGE USE OF FORMS.—The Secretary shall encourage States to take such steps as are necessary to encourage the use of simplified application forms, including those described in paragraphs (2)(B) and (3)(B), for applicants who meet the requirements of subsection (b) or (c) of section 479.*

*(D) FEDERAL REGISTER NOTICE.—The Secretary shall publish, on an annual basis, a notice in the Federal Register requiring States to inform the Secretary—*

*(i) if the State plans to use the FAFSA to collect data to determine eligibility for State need-based financial aid;*

*(ii) of the State-specific data that the State requires for delivery of State need-based financial aid; and*

*(iii) if the State agency is unable to permit applicants to utilize the simplified application forms described in paragraph (2)(B) or (3)(B).*

*(E) STATE NOTIFICATION TO THE SECRETARY.—*

*(i) IN GENERAL.—Each State agency shall notify the Secretary—*

*(I) whether the State permits an applicant to file a form described in paragraph (2)(B) or (3)(B) for purposes of determining eligibility for State need-based financial aid; and*

*(II) of the State-specific data that the State requires for delivery of State need-based financial aid.*

*(ii) ACCEPTANCE OF FORMS.—If a State does not permit an applicant to file a form described in paragraph (2)(B) or (3)(B) for purposes of determining eligibility for State need-based financial aid, then the State shall notify the Secretary if it is not permitted to do so because of State law or agency policy. The notification shall include an acknowledgment that State-specific questions will not be included on a form described in paragraph (2)(B) or (3)(B).*

*(iii) LACK OF NOTIFICATION BY THE STATE.—If a State does not notify the Secretary pursuant to clause (i), the Secretary shall—*

*(I) permit residents of that State to complete simplified application forms under paragraphs (2)(B) and (3)(B); and*

*(II) not require any resident of such State to complete any data previously required by that State under this section.*

*(F) RESTRICTION.—The Secretary shall not require applicants to complete any financial or non-financial data that are not required by the applicant's State, except as may be required for applicants who use the paper forms described in subparagraphs (A) and (B) of paragraph (2).*

*(6) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORMS PROHIBITED.—The common financial reporting forms prescribed by the Secretary under this subsection shall be produced, distributed, and processed by the Secretary, and no parent or student shall be charged a fee by the Secretary, a contractor, a third-party servicer or private software provider, or any other public or private entity for the collection, processing, or delivery of financial aid through the use of such forms. The need and eligibility of a student for financial assistance under parts A through E (other than under subpart 4 of part A) may be determined only by using a form developed by the Secretary pursuant to this subsection. No student may receive financial assistance under parts A through E (other than under subpart 4 of part A), except by use of a form developed by the Secretary pursuant to this subsection. No data collected on a paper or electronic form or other document that the Secretary determines was created to replace a form prescribed under this subsection and therefore violates the integrity of a simplified and free financial aid application process and for which a fee is charged*

*shall be used to complete the form prescribed under this subsection. No person, commercial entity, or other entity shall request, obtain, or utilize an applicant's personal identification number assigned under paragraph (3)(F) for purposes of submitting an application on an applicant's behalf.*

*(7) APPLICATION PROCESSING CYCLE.—The Secretary shall—*

*(A) enable students to submit forms created under this subsection in order to meet the filing requirements of this section and in order to receive financial assistance from programs under this title; and*

*(B) enable students to submit forms created under this subsection and initiate the processing of such forms under this subsection, as early as practicable prior to January 1 of the student's planned year of enrollment.*

*(8) EARLY ESTIMATES.—The Secretary shall permit an applicant to complete a form described in this subsection in the years prior to enrollment in order to obtain from the Secretary a nonbinding estimate of the applicant's expected family contribution, as defined in section 473. Such applicant shall be permitted to update information submitted on a form described in this subsection using the process required under paragraph (4).*

*(9) DISTRIBUTION OF DATA.—Institutions of higher education, guaranty agencies, and States shall receive, without charge, the data collected by the Secretary using the form developed pursuant to this subsection for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education, guaranty agencies, or States to receive such data shall be subject to all the requirements of this section, unless such requirements are waived by the Secretary.*

*(10) THIRD PARTY SERVICERS AND PRIVATE SOFTWARE PROVIDERS.—To the extent practicable and in a timely manner, the Secretary shall provide, to private organizations and consortia that develop software used by institutions of higher education for the administration of funds under this title, all the necessary specifications that the organizations and consortia must meet for the software the organizations and consortia develop, produce, and distribute (including any diskette, modem, or network communications) which are so used. The specifications shall contain record layouts for required data. The Secretary shall develop in advance of each processing cycle an annual schedule for providing such specifications. The Secretary, to the extent practicable, shall use means of providing such specifications, including conferences and other meetings, outreach, and technical support mechanisms (such as training and printed reference materials). The Secretary shall, from time to time, solicit from such organizations and consortia means of improving the support provided by the Secretary.*

*(11) PARENT'S SOCIAL SECURITY NUMBER AND BIRTH DATE.—The Secretary is authorized to include on the form developed under this subsection space for the social security number and birth date of parents of dependent students seeking financial assistance under this title.*

**[**(c)**]** *(b)* INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application

forms published or promulgated pursuant to this title shall be provided to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* at least 45 days prior to their effective date.

[(d)] *(c)* TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form for assistance under this title. Such service shall also include a service accessible by telecommunications devices for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education [that is authorized under section 685(d)(2)(C) of the Individuals with Disabilities Education Act.] *or other appropriate provider of technical assistance and information on postsecondary educational services that is authorized under section 663(a) of the Individuals with Disabilities Education Act. Not later than 2 years after the date of enactment of the Higher Education Amendments of 2005, the Secretary shall test and implement, to the extent practicable, a toll-free telephone based system to permit applicants who meet the requirements of 479(c) to submit an application over such system.*

[(e)] *(d)* PREPARER.—Any financial aid application required to be made under this title shall include the name, signature, address or employer's address, social security number or employer identification number, and organizational affiliation of the preparer of such financial aid application.]

*(e) ASSISTANCE IN PREPARATION OF FINANCIAL AID APPLICATION.—*

*(1) PREPARATION AUTHORIZED.—Notwithstanding any provision of this Act, an applicant may use a preparer for consultative or preparation services for the completion of the common financial reporting forms described in subsection (a) if the preparer satisfies the requirements of this subsection.*

*(2) PREPARER IDENTIFICATION.—Any common financial reporting form required to be made under this title shall include the name, signature, address or employer's address, social security number or employer identification number, and organizational affiliation of the preparer of such common financial reporting form.*

*(3) ADDITIONAL REQUIREMENTS.—A preparer that provides consultative or preparation services pursuant to this subsection shall—*

*(A) clearly inform individuals upon initial contact (including advertising in clear and conspicuous language on the website of the preparer, including by providing a link directly to the website described in subsection (a)(3), if the preparer provides such services through a website) that the common financial reporting forms that are required to determine eligibility for financial assistance under parts A through E (other than subpart 4 of part A) may be completed for free via paper or electronic forms provided by the Secretary;*

*(B) refrain from producing or disseminating any form other than the forms produced by the Secretary under subsection (a); and*

*(C) not charge any fee to any individual seeking such services who meets the requirements of subsection (b) or (c) of section 479.*

*(4) SPECIAL RULE.—Nothing in this Act shall be construed to limit preparers of the common financial reporting forms required to be made under this title who meet the requirements of this subsection from collecting source information from a student or parent, including Internal Revenue Service tax forms, in providing consultative and preparation services in completing the forms.*

* * * * * * *

**SEC. 484. STUDENT ELIGIBILITY.**

(a) IN GENERAL.—* * *

* * * * * * *

(d) STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.—* * *

(1) * * *

* * * * * * *

(3) * * *

*(4) The student shall be determined by the institution of higher education as having the ability to benefit from the education or training offered by the institution of higher education, upon satisfactory completion of 6 credit hours or the equivalent coursework that are applicable toward a degree or certificate offered by the institution of higher education.*

* * * * * * *

[(l) COURSES OFFERED THROUGH TELECOMMUNICATIONS.—

[(1) RELATION TO CORRESPONDENCE COURSES.—

[(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate for a program of study of 1 year or longer, or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of the total amount of all courses at the institution.

[(B) REQUIREMENT.—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

[(i) that is not an institute or school described in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act; and

[(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree.

[(2) RESTRICTION OR REDUCTIONS OF FINANCIAL AID.—A student's eligibility to receive grants, loans, or work assistance

under this title shall be reduced if a financial aid officer determines under the discretionary authority provided in section 479A that telecommunications instruction results in a substantially reduced cost of attendance to such student.

[(3) SPECIAL RULE.—For award years prior to the date of enactment of this subsection, the Secretary shall not take any compliance, disallowance, penalty, or other action against a student or an eligible institution when such action arises out of such institution's prior award of student assistance under this title if the institution demonstrates to the satisfaction of the Secretary that its course of instruction would have been in conformance with the requirements of this subsection.

[(4) DEFINITION.—For the purposes of this subsection, the term "telecommunications" means the use of television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave, or satellite, audio conferencing, computer conferencing, or video cassettes or discs, except that such term does not include a course that is delivered using video cassette or disc recordings at such institution and that is not delivered in person to other students of that institution.]

*(l) COURSES OFFERED THROUGH DISTANCE EDUCATION.—*

*(1) RELATION TO CORRESPONDENCE COURSES.—*

*(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered principally through distance education and leads to a recognized certificate, or associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses.*

*(B) EXCEPTION.—An institution of higher education referred to in subparagraph (A) shall not include an institution or school described in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998.*

*(2) RESTRICTION OR REDUCTIONS OF FINANCIAL AID.—A student's eligibility to receive grants, loans, or work assistance under this title shall be reduced if a financial aid officer determines under the discretionary authority provided in section 479A that distance education results in a substantially reduced cost of attendance to such student.*

*(3) SPECIAL RULE.—For award years prior to the date of enactment of this subsection, the Secretary shall not take any compliance, disallowance, penalty, or other action against a student or an eligible institution when such action arises out of such institution's prior award of student assistance under this title if the institution demonstrates to the satisfaction of the Secretary that its course of instruction would have been in conformance with the requirements of this subsection.*

*(4) DEFINITION.—In this subsection, the term "distance education" has the meaning given the term in section 102.*

* * * * * * *

(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession *of a controlled substance, while such student is enrolled in an institution of higher education and receiving financial assistance under this title,* or sale of a controlled substance shall

not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

| **If convicted of an offense involving:** | |
|---|---|
| **The possession of a controlled substance *while the student is enrolled in an institution of higher education and receiving financial assistance under this title:*** | **Ineligibility period is:** |
| First offense | 1 year |
| Second offense | 2 years |
| Third offense | Indefinite. |
| **The sale of a controlled substance:** | **Ineligibility period is:** |
| First offense | 2 years |
| Second offense | Indefinite. |

(2) * * *

* * * * * * *

*(3) INTERACTION WITH FAFSA.—The Secretary shall not require a student to provide information regarding the student's possession of a controlled substance on the Free Application for Federal Student Aid described in section 483(a).*

**[**(3)**]** *(4)* DEFINITIONS.—In this subsection, the term "controlled substance" has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

**SEC. 484A. STATUTE OF LIMITATIONS, AND STATE COURT JUDGMENTS.**

(a) IN GENERAL.— * * *

* * * * * * *

(b) ASSESSMENT OF COSTS AND OTHER CHARGES.—Notwithstanding any provision of State law to the contrary—

(1) a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable cost; **[**and**]**

(2) in collection any obligation arising from a loan made under part B of this title, a guaranty agency or the Secretary shall not be subject to a defense raised by any borrower based on a claim of infancy**[**.**]***; and*

*(3) in collecting any obligation arising from a loan made under part E of this title, an institution of higher education that has an agreement with the Secretary pursuant to section 463(a) shall not be subject to a defense raised by any borrower based on a claim of infancy.*

(c) * * *

*(d) SPECIAL RULE.—This section shall not apply in the case of a student who is deceased or to a deceased student's estate or the estate of such student's family. If a student is deceased, then the student's estate or the estate of the student's family shall not be required to repay any financial assistance under this title, including interest paid on the student's behalf, collection costs, or other charges specified in this title.*

* * * * * * *

**SEC. 484B. INSTITUTIONAL REFUNDS.**

(a) RETURN OF TITLE IV FUNDS.—

(1) IN GENERAL.— * * *

(2) LEAVE OF ABSENCE.—

(A) LEAVE NOT TREATED AS WITHDRAWAL.—In the case of a student who takes [a leave of] *1 or more leaves of* absence from an institution for not more than a total of 180 days in any 12-month period, the institution may consider the student as not having withdrawn from the institution during the leave of absence, and not calculate the amount of grant and loan assistance provided under this title that is to be returned in accordance with this section if—

(i) * * *

* * * * * * *

(3) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

(A) IN GENERAL.— * * *

* * * * * * *

(C) PERCENTAGE AND AMOUNT NOT EARNED.— * * *

[(i) determining the complement of the percentage of grant or loan assistance under this title] *grant assistance under subparts 1 and 3 of part A, or loan assistance under parts B, D, and E,* that has been earned by the student described in subparagraph (B); and

(b) RETURN OF TITLE IV PROGRAM FUNDS.—

(1) RESPONSIBILITY OF THE INSTITUTION.— * * *

* * * * * * *

(3) * * *

* * * * * * *

*(4) TIME FRAME.—Not later than 45 days after the date of an institution's determination that a student withdrew from the institution, the institution shall—*

*(A) return the amount required under paragraph (1);*

*(B) notify the student of the applicable requirements regarding the overpayment of grant and loan assistance and*

*(C) notify the student of the student's eligibility for post-withdrawal disbursements.*

(c) WITHDRAWAL DATE.—

(1) IN GENERAL.— * * *

* * * * * * *

(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student did not begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grevious personal loss, or other such circumstances beyond the student's control, the institution [may determine the appropriate withdrawal date.] *may determine—*

*(A) the appropriate withdrawal date; and*

*(B) that the requirements of this section do not apply to the student.*

(d) PERCENTAGE OF THE PAYMENT PERIOD OR PERIOD OF ENROLLMENT COMPLETED.— * * *

(1) * * *

(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period or period of enrollment for which assistance is awarded into the number of [clock hours—

[(A) completed by the student in that period as of the day the student withdrew; or

[(B) scheduled to be completed as of the day the student withdrew, if the clock hours completed in the period are not less than a percentage, to be determined by the Secretary in regulations, of the hours that were scheduled to be completed by the student in the period.] *clock hours scheduled to be completed by the student in that period as of the day the student withdrew.*

* * * * * * *

**SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.**

(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) * * *

(A) * * *

* * * * * * *

(N) that enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment in the home institution for purposes of applying for Federal student financial assistance; [and]

(O) the campus crime report prepared by the institution pursuant to subsection (f), including all required reporting categories[.]*;*

*(P) student body diversity at the institution, including information on the percentage of enrolled, full-time students who are—*

*(i) male;*

*(ii) female;*

*(iii) from a low-income background; and*

*(iv) a self-identified member of a major racial or ethnic group;*

*(Q) the placement in employment of, and types of employment obtained by, graduates of the institution's degree or certificate programs, gathered from such sources as alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement, State data systems, or other relevant sources; and*

*(R) the types of graduate and professional education in which graduates of the institution's 4-year degree programs enrolled, gathered from such sources as alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, State data systems, or other relevant sources.*

* * * * * * *

[(4) For purposes of this section, institutions may exclude from the information disclosed in accordance with subparagraph (L) of paragraph (1) the completion or graduation rates of students who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.]

*(4) For purposes of this section, institutions may—*

*(A) exclude from the information disclosed in accordance with subparagraph (L) of paragraph (1) the completion or graduation rates of students who leave school to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government; or*

*(B) in cases where the students described in subparagraph (A) represent 20 percent or more of the certificate- or degree-seeking, full-time, undergraduate students at the institution, the institution may recalculate the completion or graduation rates of such students by excluding from the calculation described in paragraph (3) the time period such students were not enrolled due to their service in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government.*

* * * * * * *

(6) * * *

*(7) The information disclosed under subparagraph (L) of paragraph (1), or reported under subsection (e), shall include information disaggregated by gender, by each major racial and ethnic subgroup, and by low-income background status as measured by Federal Pell Grant eligibility, if the number of students in such subgroup or with such status is sufficient to yield statistically reliable information and reporting would not reveal personally identifiable information about an individual student. If such number is not sufficient for such purposes, then the institution shall note that the institution enrolled too few of such students to so disclose or report with confidence and confidentiality.*

(b) EXIT COUNSELING FOR BORROWERS.—(1)(A) * * *

* * * * * * *

(2)(A) * * *

* * * * * * *

*(3) Each eligible institution shall, during the exit interview required by this subsection, provide to a borrower of a loan made under part B, D, or E a clear and conspicuous notice describing the general effects of using a consolidation loan to discharge the borrower's student loans, including—*

*(A) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;*

*(B) the effects of consolidation on a borrower's underlying loan benefits, including loan forgiveness, cancellation, and deferment;*

*(C) the ability for the borrower to prepay the loan, pay on a shorter schedule, and to change repayment plans, and that borrower benefit programs may vary among different loan holders;*

*(D) the tax benefits for which the borrower may be eligible; and*

*(E) the consequences of default.*

* * * * * * *

(d) DEPARTMENTAL PUBLICATION OF DESCRIPTIONS OF ASSISTANCE PROGRAMS.—(1) * * *

(2) The Secretary, to the extent the information is available, shall compile information describing State *grant assistance, as well as State* and other prepaid tuition programs and savings programs

and disseminate such information to States, eligible institutions, students, and parents in departmental publications *and other means, including through the Internet*.

* * * * * * *

(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—(1) * * *

* * * * * * *

**[**(3) For purposes of this subsection, institutions may exclude from the reporting requirements under paragraphs (1) and (2) the completion or graduation rates of students and student athletes who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.**]**

*(3) For purposes of this subsection, institutions may—*

*(A) exclude from the reporting requirements under paragraphs (1) and (2) the completion or graduation rates of students and student athletes who leave school to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government; or*

*(B) in cases where the students described in subparagraph (A) represent 20 percent or more of the certificate- or degree-seeking, full-time, undergraduate students at the institution, the institution may calculate the completion or graduation rates of such students by excluding from the calculations described in paragraph (1) the time period such students were not enrolled due to their service in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government.*

* * * * * * *

(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title*, other than a foreign institution of higher education,* shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) * * *

* * * * * * *

(5) On an annual basis, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(F). The Secretary shall—

(A) review such statistics and report to the **[**Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Sen-

ate] *authorizing committees* on campus crime statistics by September 1, 2000;

* * * * * * *

(g) DATA REQUIRED.—

(1) IN GENERAL.— * * *

* * * * * * *

(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) * * *

(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) and submit such report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* by April 1, 2000. The report shall—

(i) * * *

* * * * * * *

*(h) TRANSFER OF CREDIT POLICIES.—*

*(1) DISCLOSURE.—Each institution of higher education participating in any program under this title shall publicly disclose in a readable and comprehensible manner the institution's transfer of credit policies which shall include a statement of the institution's current transfer of credit policies that includes, at a minimum—*

*(A) a statement that transfer of credit shall not be denied solely on the basis of the agency or association that accredited such other institution of higher education, if that agency or association is recognized by the Secretary pursuant to section 496 to be a reliable authority as to the quality of the education or training offered;*

*(B) a list of institutions of higher education with which the institution has established an articulation agreement; and*

*(C) the percentage of students at the institution who successfully transfer academic credits, updated on an annual basis.*

*(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to—*

*(A) authorize an officer or employee of the Department to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any institution of higher education, or over any accrediting agency or association;*

*(B) limit the application of the General Education Provisions Act; or*

*(C) create any legally enforceable right on the part of a student to require an institution of higher education to accept a transfer of credit from another institution.*

* * * * * * *

**SEC. 485B. NATIONAL STUDENT LOAN DATA SYSTEM.**

(a) DEVELOPMENT OF THE SYSTEM. * * *

(1) * * *

* * * * * * *

(5) the exact amount of loans partially or totally canceled or in deferment for service under the Peace Corps Act (22 U.S.C. 2501 et seq.)), for service under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), and for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated [effectiveness.] *effectiveness;*

[(5)] *(6)* the eligible institution in which the student was enrolled or accepted for enrollment at the time the loan was made, and any additional institutions attended by the borrower;

[(6)] *(7)* the total amount of loans made to any borrower and the remaining balance of the loans;

[(7)] *(8)* the lender, holder, and servicer of such loans;

[(8)] *(9)* information concerning the date of any default on the loan and the collection of the loan, including any information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan;

[(9)] *(10)* information regarding any deferments or forbearance granted on such loans; and

[(10)] *(11)* the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

* * * * * * *

**SEC. 485C. SIMPLIFICATION OF THE LENDING PROCESS FOR BORROWERS.**

* * * * * * *

***SEC. 485D. EARLY AWARENESS OF FINANCIAL AID ELIGIBILITY.***

*(a) IN GENERAL.—The Secretary shall implement, in cooperation with States, institutions of higher education, secondary schools, middle schools, early intervention and outreach programs under this title, other agencies and organizations involved in student financial assistance and college access, public libraries, community centers, employers, and businesses, a comprehensive system of early financial aid information in order to provide students and families with early information about financial aid and early estimates of such students' eligibility for financial aid from multiple sources. Such system shall include the activities described in subsections (b) and (c).*

*(b) COMMUNICATION OF AVAILABILITY OF AID AND AID ELIGIBILITY.—*

*(1) STUDENTS WHO RECEIVE BENEFITS.—The Secretary shall—*

*(A) make special efforts to notify students who receive or are eligible to receive benefits under Federal means-tested benefit programs (including the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and other such programs as determined by the Secretary) of such students' potential eligibility for a maximum Federal Pell Grant under subpart 1 of part A; and*

*(B) disseminate such informational materials as the Secretary determines necessary.*

*(2) MIDDLE SCHOOL STUDENTS.—The Secretary, in cooperation with States, institutions of higher education, other organizations involved in college access and student financial aid, middle schools, and programs under this title that serve middle school students, shall make special efforts to notify students and their parents of the availability of financial aid under this title and, in accordance with subsection (c), shall provide nonbinding estimates of grant and loan aid that an individual may be eligible for under this title upon completion of an application form under section 483(a). The Secretary shall ensure that such information is as accurate as possible and that such information is provided in an age-appropriate format using dissemination mechanisms suitable for students in middle school.*

*(3) SECONDARY SCHOOL STUDENTS.—The Secretary, in cooperation with States, institutions of higher education, other organizations involved in college access and student financial aid, secondary schools, and programs under this title that serve secondary school students, shall make special efforts to notify students in secondary school and their parents, as early as possible but not later than such students' junior year of secondary school, of the availability of financial aid under this title and, in accordance with subsection (c), shall provide nonbinding estimates of the amounts of grant and loan aid that an individual may be eligible for under this title upon completion of an application form under section 483(a). The Secretary shall ensure that such information is as accurate as possible and that such information is provided in an age-appropriate format using dissemination mechanisms suitable for students in secondary school.*

*(4) ADULT LEARNERS.—The Secretary, in cooperation with States, institutions of higher education, other organizations involved in college access and student financial aid, employers, workforce investment boards and public libraries, shall make special efforts to provide individuals who would qualify as independent students, as defined in section 480(d), with information regarding the availability of financial aid under this title and, in accordance with subsection (c), with nonbinding estimates of the amounts of grant and loan aid that an individual may be eligible for under this title upon completion of an application form under section 483(a). The Secretary shall ensure that such information—*

*(A) is as accurate as possible;*

*(B) includes specific information regarding the availability of financial aid for students qualified as independent students, as defined in section 480(d); and*

*(C) uses dissemination mechanisms suitable for adult learners.*

*(5) PUBLIC AWARENESS CAMPAIGN.—Not later than 2 years after the date of enactment of the Higher Education Amendments of 2005, the Secretary, in coordination with States, institutions of higher education, early intervention and outreach programs under this title, other agencies and organizations involved in student financial aid, local educational agencies, pub-*

*lic libraries, community centers, businesses, employers, employment services, workforce investment boards, and movie theaters, shall implement a public awareness campaign in order to increase national awareness regarding the availability of financial aid under this title. The public awareness campaign shall disseminate accurate information regarding the availability of financial aid under this title and shall be implemented, to the extent practicable, using a variety of media, including print, television, radio and the Internet. The Secretary shall design and implement the public awareness campaign based upon relevant independent research and the information and dissemination strategies found most effective in implementing paragraphs (1) through (4).*

*(c) AVAILABILITY OF NONBINDING ESTIMATES OF FEDERAL FINANCIAL AID ELIGIBILITY.—*

*(1) IN GENERAL.—The Secretary, in cooperation with States, institutions of higher education, and other agencies and organizations involved in student financial aid, shall provide, via a printed form and the Internet or other electronic means, the capability for individuals to determine easily, by entering relevant data, nonbinding estimates of amounts of grant and loan aid an individual may be eligible for under this title upon completion and processing of an application and enrollment in an institution of higher education.*

*(2) DATA ELEMENTS.—The Secretary, in cooperation with States, institutions of higher education, and other agencies and organizations involved in student financial aid, shall determine the data elements that are necessary to create a simplified form that individuals can use to obtain easily nonbinding estimates of the amounts of grant and loan aid an individual may be eligible for under this title.*

*(3) QUALIFICATION TO USE SIMPLIFIED APPLICATION.—The capability provided under this paragraph shall include the capability to determine whether the individual is eligible to submit a simplified application form under paragraph (2)(B) or (3)(B) of section 483(a).*

* * * * * * *

***SEC. 485E. COLLEGE ACCESS INITIATIVE.***

*(a) STATE-BY-STATE INFORMATION.—The Secretary shall direct each guaranty agency with which the Secretary has an agreement under section 428(c) to provide to the Secretary the information necessary for the development of Internet Web links and access for students and families to a comprehensive listing of the postsecondary education opportunities programs, publications, Internet Web sites, and other services available in the States for which such agency serves as the designated guarantor.*

*(b) GUARANTY AGENCY ACTIVITIES.—*

*(1) PLAN AND ACTIVITY REQUIRED.—Each guaranty agency with which the Secretary has an agreement under section 428(c) shall develop a plan, and undertake the activity, necessary to gather the information required under subsection (a) and to make such information available to the public and to the Secretary in a form and manner prescribed by the Secretary.*

*(2) ACTIVITIES.—Each guaranty agency shall undertake such activities as are necessary to promote access to postsecondary education for students through providing information on college planning, career preparation, and paying for college. The guaranty agency shall publicize such information and coordinate such activities with other entities that provide or distribute such information in the States for which such guaranty agency serves as the designated guarantor.*

*(3) FUNDING.—The activities required by this section may be funded from the guaranty agency's Operating Fund established pursuant to section 422B and to the extent funds remain, from earnings on the restricted account established pursuant to section 422(h)(4).*

*(4) RULE OF CONSTRUCTION.—Nothing in this subsection shall require a guaranty agency to duplicate any efforts currently underway that meet the requirements of this subsection.*

*(c) ACCESS TO INFORMATION.—*

*(1) SECRETARY'S RESPONSIBILITY.—The Secretary shall ensure the availability of the information provided, by the guaranty agencies in accordance with this section, to students, parents, and other interested individuals, through Web links or other methods prescribed by the Secretary.*

*(2) GUARANTY AGENCY RESPONSIBILITY.—The guaranty agencies shall ensure that the information required by this section is available without charge in printed format for students and parents requesting such information.*

*(3) PUBLICITY.—Not later than 270 days after the date of enactment of the Higher Education Amendments Act of 2005, the Secretary and guaranty agencies shall publicize the availability of the information required by this section, with special emphasis on ensuring that populations that are traditionally underrepresented in postsecondary education are made aware of the availability of such information.*

* * * * * * *

**SEC. 486. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.**

(a) PURPOSE.— * * *

* * * * * * *

(e) NOTIFICATION.—The Secretary shall make available to the public and to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* a list of institutions, systems or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution, system or consortium and a description of the distance education courses to be offered.

(f) EVALUATIONS AND REPORTS.—

(1) EVALUATION.— * * *

* * * * * * *

(3) REPORTS.—

(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the [Committee on Labor and Human Resources of the

Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* with respect to—

(i) * * *

* * * * * * *

(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* on an annual basis regarding—

(i) * * *

* * * * * * *

**SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.**

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.— * * *

(1) * * *

* * * * * * *

(23)(A) The institution, if located in a State to which section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg–2(b)) does not apply, will make a good faith effort to distribute a mail voter registration form, requested and a received from the State, to each student enrolled in a degree or certificate program and physically in attendance at the institution, and to make such forms widely available to students at the institution.

* * * * * * *

*(D) An institution shall be considered in compliance with the requirements of subparagraph (A) for any student to whom the institution electronically transmits a message containing a voter registration form acceptable for use in the State in which the institution is located, or an Internet address where such a form can be downloaded, if such information is in an electronic message devoted solely to voter registration.*

*(24) The institution will, as calculated in accordance with subsection (g)(1), have not less than 10 percent of its revenues from sources other than funds provided under this title, or will be subject to the sanctions described in subsection (g)(2).*

* * * * * * *

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clauses (ii) and (iii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regula-

tions of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the appropriate State agency notifying the Secretary under subpart 1 of part H*, except that the Secretary may modify the requirements of this clause with regard to an institution outside the United States*;

*(d) INSTITUTIONAL REQUIREMENTS FOR TEACH-OUTS.—*

*(1) IN GENERAL.—In the event the Secretary initiates the limitation, suspension, or termination of the participation of an institution of higher education in any program under this title under the authority of subsection (c)(1)(F) or initiates an emergency action for termination under the authority of subsection (c)(1)(G) and its prescribed regulations, the Secretary shall require that institution to prepare a teach-out plan for submission to the institution's accrediting agency or association in compliance with section 496(c)(4), the Secretary's regulations on teach-out plans, and the standards of the institution's accrediting agency or association.*

*(2) TEACH-OUT PLAN DEFINED.—In this subsection, the term 'teach-out plan' means a written plan that provides for the equitable treatment of students if an institution of higher education ceases to operate before all students have completed their program of study, and may include, if required by the institution's accrediting agency or association, an agreement between institutions for such a teach-out plan.*

[(d)] (*e*) DEFINITION OF ELIGIBLE INSTITUTION.— * * *

[(e)] (*f*) CONSTRUCTION.— * * *

*(g) IMPLEMENTATION OF NONTITLE IV REVENUE REQUIREMENT.—*

*(1) CALCULATION.—In carrying out subsection (a)(24), an institution shall use the cash basis of accounting and count the following funds as from sources of funds other than funds provided under this title:*

*(A) Funds used by students from sources other than funds received under this title to pay tuition, fees, and other institutional charges to the institution, provided the institution can reasonably demonstrate that such funds were used for such purposes.*

*(B) Funds used by the institution to satisfy matching-fund requirements for programs under this title.*

*(C) Funds used by a student from savings plans for educational expenses established by or on behalf of the student and which qualify for special tax treatment under the Internal Revenue Code of 1986.*

*(D) Funds paid by a student, or on behalf of a student by a party other than the institution, to the institution for an education or training program that is not eligible for funds under this title, provided that the program is approved or licensed by the appropriate State agency or an accrediting agency recognized by the Secretary.*

*(E) Funds generated by the institution from institutional activities that are necessary for the education and training of the institution's students, if such activities are—*

*(i) conducted on campus or at a facility under the control of the institution;*

*(ii) performed under the supervision of a member of the institution's faculty; and*

*(iii) required to be performed by all students in a specific educational program at the institution.*

*(F) Institutional aid, as follows:*

*(i) In the case of loans made by the institution, only the amount of loan repayments received by the institution during the fiscal year for which the determination is made.*

*(ii) In the case of scholarships provided by the institution, only those scholarship funds provided by the institution that are—*

*(I) in the form of monetary aid based upon the academic achievements or financial need of students; and*

*(II) disbursed during the fiscal year for which the determination is made from an established restricted account and only to the extent that the funds in that account represent designated funds from an outside source or income earned on those funds.*

*(iii) In the case of tuition discounts, only those tuition discounts based upon the academic achievement or financial need of students.*

*(2) SANCTIONS.—*

*(A) FAILURE TO MEET REQUIREMENT FOR 1 YEAR.—In addition to such other means of enforcing the requirements of this title as may be available to the Secretary, if an institution fails to meet the requirements of subsection (a)(24) in any year, the Secretary may impose 1 or both of the following sanctions on the institution:*

*(i) Place the institution on provisional certification in accordance with section 498(h) until the institution demonstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).*

*(ii) Require such other increased monitoring and reporting requirements as the Secretary determines necessary until the institution demonstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).*

*(B) FAILURE TO MEET REQUIREMENT FOR 2 YEARS.—An institution that fails to meet the requirements of subsection (a)(24) for 2 consecutive years shall be ineligible to participate in the programs authorized under this title.*

*(3) PUBLIC AVAILABILITY OF INFORMATION.—The Secretary shall make publicly available, through the means described in subsection (b) of section 131, any institution that fails to meet the requirements of subsection (a)(24) in any year as an institution that is failing to meet the minimum non-Federal source of revenue requirements of such subsection (a)(24).*

**SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.**

(a) QUALITY ASSURANCE PROGRAM.—

(1) IN GENERAL.— * * *

* * * * * * *

(5) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees*.

(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

(1) IN GENERAL.—The Secretary may continue any experimental sites in existence on the date of enactment of the Higher Education Amendments of [1998] *2005*. Any activities approved by the Secretary prior to such date that are inconsistent with this section shall be discontinued not later than June 30, [1999] *2006*.

[(2) REPORT.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of 1993 through 1998 under this section (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998), and shall submit a report based on this review and evaluation to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 6 months after the enactment of the Higher Education Amendments of 1998. Such report shall include—]

(A) * * *

*(2) REPORT.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites and shall, on a biennial basis, submit a report based on the review and evaluation to the authorizing committees. Such report shall include—*

* * * * * * *

(3) SELECTION.—

(A) IN GENERAL.—[Upon the submission of the report required by paragraph (2), the] *The* Secretary is authorized to *periodically* select a limited number of additional institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

[(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives and shall provide to such Committees—

[(i) a list of institutions proposed for participation in the experiment and the specific statutory or regulatory waivers proposed to be granted to each institution;

[(ii) a statement of the objectives to be achieved through the experiment; and

[(iii) an identification of the period of time over which the experiment is to be conducted.]

[(C)] *(B)* WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title*, including requirements related to the award process and disbursement of student financial aid (such as innovative delivery systems for modular or compressed courses, or other innovative systems), verification of student financial aid application data, entrance and exit interviews, or other management procedures or processes as determined in the negotiated rulemaking process under section 492*, or regulations prescribed under this title, that will bias the results of the experiment, except that the Secretary shall not waive any provisions with respect to award rules *(other than an award rule related to an experiment in modular or compressed schedules)*, grant and loan maximum award amounts, and need analysis requirements *unless the waiver of such provisions is authorized by another provision under this title*.

* * * * * * *

**SEC. 488. TRANSFER OF ALLOTMENTS.**

In order to offer an arrangement of types of aid, including institutional and State aid which best fits the needs of each individual student, an institution may (1) transfer a total of 25 percent of the institutions allotment under section 462 to the institution's allotment under section 413D or 442 (or both); [and] (2) transfer 25 percent of the institution's allotment under section 442 to the institution's allotment under section [413D.] *413D; and* Funds transferred to an institution's allotment under another section may be used as a part of and for the same purposes as funds allotted under that section. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information. *(3) transfer 25 percent of the institution's allotment under section 413D to the institution's allotment under section 442.*

* * * * * * *

**SEC. 488A. WAGE GARNISHMENT REQUIREMENT.**

(a) GARNISHMENT REQUIREMENTS.— * * *

(1) the amount deducted for any pay period may not exceed [10 percent] *15 percent* of disposable pay, except that a greater percentage may be deducted with the written consent of the individual involved;

* * * * * * *

**SEC. 489. ADMINISTRATIVE EXPENSES.**

(a) AMOUNT OF PAYMENTS.— * * *

(b) PURPOSE OF PAYMENTS.—(1) The sums paid to institutions under this part are for the sole purpose of [offsetting the administrative costs of] *administering* the programs described in subsection (a).

* * * * * * *

**SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.**

(a) ESTABLISHMENT AND PURPOSE.—(1) * * *

(2) The purpose of the Advisory Committee is—

(A) to provide extensive knowledge and understanding of the Federal, State, and institutional programs of postsecondary student assistance;

(B) to provide technical expertise with regard to systems of needs analysis and application forms; **[**and**]**

(C) to make recommendations that will result in the maintenance of access to postsecondary education for low- and middle-income students**[**.**]***;*

*(D) to provide knowledge and understanding of early intervention programs, and to make recommendations that will result in early awareness by low- and moderate-income students and families—*

*(i) of their eligibility for assistance under this title; and*

*(ii) to the extent practicable, of their eligibility for other forms of State and institutional need-based student assistance; and*

*(E) to make recommendations that will expand and improve partnerships among the Federal Government, States, institutions of higher education, and private entities to increase the awareness and the total amount of need-based student assistance available to low- and moderate-income students.*

* * * * * * *

(c) MEMBERSHIP.— * * *

* * * * * * *

*(3) The appointment of a member under subparagraph (A) or (B) of paragraph (1) shall be effective upon confirmation of the member by the Senate and publication of such appointment in the Congressional Record.*

(d) FUNCTIONS OF THE COMMITTEE.—The Advisory Committee shall—

(1) * * *

* * * * * * *

(6) recommend to the Congress and to the Secretary such studies, surveys, and analyses of student financial assistance programs, policies, and practices, including the special needs of low-income, disadvantaged, and nontraditional students, and the means by which the needs may be met**[**, but nothing in this section shall authorize the committee to perform such studies, surveys, or analyses**]**;

* * * * * * *

(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advisory Committee shall.—

(1) monitor and evaluate the modernization *and simplification* of student financial aid systems and delivery processes, **[**including the implementation of a performance-based organization within the Department,**]** and report to Congress regard-

ing such modernization, or not less than an annual basis, including recommendations for improvement;

* * * * * * *

[(4) assess the implications of distance education on student eligibility and other requirements for financial assistance under this title, and make recommendations that will enhance access to postsecondary education through distance education while maintaining access, through on-campus instruction at eligible institutions, and program integrity; and

[(5) make recommendations to the Secretary regarding redundant or outdated provisions of and regulations under this Act, consistent with the Secretary's requirements under section 498B.]

*(4) conduct a review and analysis of regulations in accordance with subsection (l); and*

*(5) conduct a study in accordance with subsection (m).*

(k) TERM OF THE COMMITTEE.—Notwithstanding the sunset charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, [2004] *2010*.

*(l) REVIEW AND ANALYSIS OF REGULATIONS.—*

*(1) RECOMMENDATIONS.—The Advisory Committee shall make recommendations to the Secretary and Congress for consideration of future legislative action regarding redundant or outdated regulations under this title, consistent with the Secretary's requirements under section 498B.*

*(2) REVIEW AND ANALYSIS OF REGULATIONS.—The Advisory Committee shall conduct a review and analysis of the regulations issued under this title that are in effect at the time of the review and that apply to the operations or activities of participants in the programs assisted under this title. The review and analysis may include a determination of whether the regulation is duplicative, is no longer necessary, is inconsistent with other Federal requirements, or is overly burdensome. In conducting the review, the Advisory Committee shall pay specific attention to evaluating ways in which regulations under this title affecting institutions of higher education (other than institutions described in section 102(a)(1)(C)), that have received in each of the 2 most recent award years prior to the date of enactment of the Higher Education Amendments of 2005 less than $200,000 in funds through this title, may be improved, streamlined, or eliminated.*

*(3) CONSULTATION.—*

*(A) IN GENERAL.—In carrying out the review and analysis under paragraph (2), the Advisory Committee shall consult with the Secretary, relevant representatives of institutions of higher education, and individuals who have expertise and experience with the regulations issued under this title, in accordance with subparagraph (B).*

*(B) REVIEW PANELS.—The Advisory Committee shall convene not less than 2 review panels of representatives of the groups involved in student financial assistance programs under this title who have experience and expertise in the regulations issued under this title to review the regulations under this title, and to provide recommendations to the Ad-*

*visory Committee with respect to the review and analysis under paragraph (2). The panels shall be made up of experts in areas such as the operations of the financial assistance programs, the institutional eligibility requirements for the financial assistance programs, regulations not directly related to the operations or the institutional eligibility requirements of the financial assistance programs, and regulations for dissemination of information to students about the financial assistance programs.*

*(4) REPORTS TO CONGRESS.—The Advisory Committee shall submit, not later than 2 years after the completion of the negotiated rulemaking process required under section 492 resulting from the amendments to this Act made by the Higher Education Amendments of 2005, a report to the authorizing committees and the Secretary detailing the expert panels' findings and recommendations with respect to the review and analysis under paragraph (2).*

*(5) ADDITIONAL SUPPORT.—The Secretary and the Inspector General of the Department shall provide such assistance and resources to the Advisory Committee as the Secretary and Inspector General determine are necessary to conduct the review required by this subsection.*

*(m) STUDY OF INNOVATIVE PATHWAYS TO BACCALAUREATE DEGREE ATTAINMENT.—*

*(1) STUDY REQUIRED.—The Advisory Committee shall conduct a study of the feasibility of increasing baccalaureate degree attainment rates by reducing the costs and financial barriers to attaining a baccalaureate degree through innovative programs.*

*(2) SCOPE OF STUDY.—The Advisory Committee shall examine new and existing programs that promote baccalaureate degree attainment through innovative ways, such as dual or concurrent enrollment programs, changes made to the Federal Pell Grant program, simplification of the needs analysis process, compressed or modular scheduling, articulation agreements, and programs that allow 2-year institutions of higher education to offer baccalaureate degrees.*

*(3) REQUIRED ASPECTS OF THE STUDY.—In performing the study described in this subsection, the Advisory Committee shall examine the following aspects of such innovative programs:*

*(A) The impact of such programs on baccalaureate attainment rates.*

*(B) The degree to which a student's total cost of attaining a baccalaureate degree can be reduced by such programs.*

*(C) The ways in which low- and moderate-income students can be specifically targeted by such programs.*

*(D) The ways in which nontraditional students can be specifically targeted by such programs.*

*(E) The cost-effectiveness for the Federal Government, States, and institutions of higher education to implement such programs.*

*(4) CONSULTATION.—*

*(A) IN GENERAL.—In performing the study described in this subsection the Advisory Committee shall consult with a broad range of interested parties in higher education, in-*

*cluding parents, students, appropriate representatives of secondary schools and institutions of higher education, appropriate State administrators, administrators of dual enrollment programs, and appropriate officials from the Department.*

*(B) CONGRESSIONAL CONSULTATION.—The Advisory Committee shall consult on a regular basis with the authorizing committees in carrying out the study required by this section.*

*(5) REPORTS TO CONGRESS.—*

*(A) INTERIM REPORT.—The Advisory Committee shall prepare and submit to the authorizing committees and the Secretary 1 interim report, not later than 1 year after the date of enactment of the Higher Education Amendments of 2005, describing the progress that has been made in conducting the study required by this subsection and any preliminary findings on the topics identified under paragraph (2).*

*(B) FINAL REPORT.—The Advisory Committee shall, not later than 3 years after the date of enactment of the Higher Education Amendments of 2005, prepare and submit to the authorizing committees and the Secretary a final report on the study, including recommendations for legislative, regulatory, and administrative changes based on findings related to the topics identified under paragraph (2).*

**SEC. 492. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.**

(a) MEETINGS.—

(1) IN GENERAL.—The Secretary shall obtain public involvement in the development of proposed regulations for this title. The Secretary shall obtain the advice of and recommendations from individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, *State student grant agencies*, guaranty agencies, lenders, secondary markets, loan services, guaranty agency servicers, and collection agencies.

* * * * * * *

## Subpart 2—Accrediting Agency Recognition

**SEC. 496. RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION**

(a) CRITERIA REQUIRED.— * * *

(1) * * *

* * * * * * *

**[**(4) such agency or association consistently applies and enforces standards that ensure that the courses or programs of instruction, training, or study offered by the institution of higher education, including distance education courses or programs, are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered;**]**

*(4)(A) such agency or association consistently applies and enforces standards that respect the stated mission of the institution of higher education, including religious missions, and that ensure that the courses or programs of instruction, training, or*

*study offered by the institution of higher education, including distance education courses or programs, are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered; and*

*(B) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions or programs offering distance education, such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that—*

*(i) the agency or association's standards effectively address the quality of an institution's distance education in the areas identified in section 496(a)(5), except that the agency or association shall not be required to have separate standards, procedures or policies for the evaluation of distance education institutions or programs in order to meet the requirements of this subparagraph; and*

*(ii) the agency or association requires an institution that offers distance education to have processes through which the institution establishes that the student who registers in a distance education course or program is the same student who participates, completes and receives the academic credit;*

(5) the standards for accreditation of the agency or association assess the institution's—

**[**(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examinations, and job placement rates;**]**

*(A) success with respect to student achievement in relation to the institution's mission, including—*

*(i) consideration of student academic achievement as determined by the institution;*

*(ii) student retention;*

*(iii) course and program completion;*

*(iv) as appropriate, State licensing examinations;*

*(v) as appropriate, job placement rates or enrollment in graduate or professional programs; and*

*(vi) as appropriate, other student performance information selected by the institution, particularly that information used by the institution to evaluate or strengthen its programs;*

* * * * * * *

**[**(6) such agency or association shall apply procedures throughout the accrediting process, including evaluation and withdrawal proceedings, that comply with due process, including—

**[**(A) adequate specification of requirements and deficiencies at the institution of higher education or program being examined;

**[**(B) notice of an opportunity for a hearing by any such institution;

**[**(C) the right to appeal any adverse action against any such institution; and

[(D) the right to representation by counsel for any such institution;]

*(6) such an agency or association shall establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings which comply with due process procedures that provide for—*

*(A) adequate specification of requirements and deficiencies at the institution of higher education or program examined;*

*(B) an opportunity for a written response by any such institution to be included, prior to final action, in the evaluation and withdrawal proceedings;*

*(C) upon the written request of an institution, an opportunity for the institution to appeal any adverse action, including denial, withdrawal, suspension, or termination of accreditation, or placement on probation of an institution, at a hearing prior to such action becoming final, before an appeals panel that—*

*(i) shall not include current members of the agency or association's underlying decision-making body that made the adverse decision; and*

*(ii) is subject to a conflict of interest policy; and*

*(D) the right to representation by counsel for such an institution during an appeal of the adverse action;*

* * * * * * *

[(8) such agency or association shall make available to the public, upon request, and the Secretary, and the State licensing or authorizing agency a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.]

*(8) such agency or association shall make available to the public and the State licensing or authorizing agency, and submit to the Secretary, a summary of agency or association actions, including—*

*(A) the award of accreditation or reaccreditation of an institution;*

*(B) final denial, withdrawal, suspension, or termination of accreditation, or placement on probation of an institution, and any findings made in connection with the action taken, together with the official comments of the affected institution; and*

*(C) any other adverse action taken with respect to an institution.*

* * * * * * *

(c) OPERATING PROCEDURES REQUIRED.— * * *

(1) performs, at regularly established intervals, on-site inspections and reviews of institutions of higher education (which may include unannounced site visits) with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities*, including those regarding distance education*;

*(2) ensures that the agency or association's on-site evaluation for accreditation or reaccreditation includes review of the Federally required information the institution or program provides its current and prospective students;*

*(3) monitors the growth of programs at institutions that are experiencing significant enrollment growth;*

*(4) requires an institution to submit a teach-out plan for approval to the accrediting agency upon the occurrence of any of the following events:*

*(A) The Department notifies the accrediting agency of an action against the institution pursuant to section 487(d).*

*(B) The accrediting agency acts to withdraw, terminate, or suspend the accreditation of an institution.*

*(C) The institution notifies the accrediting agency that the institution intends to cease operations.*

**[**(2)**]** *(5)* requires that any institution of higher education subject to its jurisdiction which plans to establish a branch campus submit a business plan, including projected revenues and expenditures, prior to opening the branch campus;

**[**(3)**]** *(6)* agrees to conduct, as soon as practicable, but within a period of not more than 6 months of the establishment of a new branch campus or a change of ownership of an institution of higher education, an on-site visit of that branch campus or of the institution after a change of ownership;

**[**(4)**]** *(7)* requires that teach-out agreements among institutions are subject to approval by the accrediting agency or association consistent with standards promulgated by such agency or association;

**[**(5)**]** *(8)* remains and makes publicly available written materials regarding standards and procedures for accreditation, appeal procedures, and the accreditation status of each institution subject to its jurisdiction; **[**and**]**

**[**(6)**]** *(9)* discloses publicly whenever an institution of higher education subject to its jurisdiction is being considered for accreditation or reaccreditation**[**.**]***; and*

*(10) confirms, as a part of the agency or association's review for accreditation or reaccreditation, that the institution has transfer of credit policies—*

*(A) that are publicly disclosed;*

*(B) that do not deny transfer of credit based solely on the accreditation of the sending institution, if the agency or association accrediting the sending institution is recognized by the Secretary pursuant to this section; and*

*(C) in which acceptance or denial of transfer of credit is decided according to criteria established in guidelines developed by the institution's admissions committee.*

* * * * * * *

## Subpart 3—Eligibility and Certification Procedures

**SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

(a) GENERAL REQUIREMENT.— * * *

* * * * * * *

(d) ADMINISTRATIVE CAPACITY STANDARD.— * * *

(1) * * *

(A) * * *

(B) maintenance of records; *and*

* * * * * * *

(j) TREATMENT OF BRANCHES.— * * *

* * * * * * *

*(k) TREATMENT OF TEACH-OUTS AT ADDITIONAL LOCATIONS.—*

*(1) IN GENERAL.—A location of a closed institution of higher education shall be eligible as an additional location of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, for the purposes of a teach-out, if such teach-out has been approved by the institution's accrediting agency.*

*(2) SPECIAL RULE.—An institution of higher education that conducts a teach-out through the establishment of an additional location described in paragraph (1) shall be permitted to establish a permanent additional location at a closed institution and shall not be required—*

*(A) to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) for such additional location; or*

*(B) to assume the liabilities of the closed institution.*

**SEC. 498A. PROGRAM REVIEW AND DATA.**

(a) GENERAL AUTHORITY.— * * *

* * * * * * *

(b) SPECIAL ADMINISTRATIVE RULES.— * * *

(1) * * *

* * * * * * *

(4) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; **[**and**]**

(5) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432**[**.**]** *;*

*(6) provide to an institution of higher education an adequate opportunity to review and respond to any program review report and relevant materials related to the report before any final program review is reached;*

*(7) review and take into consideration an institution of higher education's response in any final program review; and*

*(8) maintain and preserve at all times the confidentiality of any program review report until the requirements of paragraphs (6) and (7) are met, and until a final program review is issued, other than to the extent required to comply with paragraph (5), except that the Secretary shall promptly disclose any and all program review reports to the institution of higher education under review.*

**SEC. 498B. REVIEW OF REGULATIONS.**

(a) REVIEW REQUIRED.— * * *

* * * * * * *

(d) REPORTS TO CONGRESS.—

(1) IN GENERAL.—The Secretary shall submit, not later than 1 year after the date of the enactment of the Higher Education Amendments of 1998, a report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* detailing the Secretary's findings and recommendations based on the reviews conducted under subsections (a) and (b), including a timetable for implementation of any recommended changes in regulations and a description of any recommendations for legislative changes.

(2) ADDITIONAL REPORTS.—Not later than January 1, 2003, the Secretary shall submit a report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* detailing the Secretary's findings and recommendations based on the review conducted under subsection (a), including a timetable for implementation of any recommended changes in regulations and a description of any recommendations for legislative changes.

* * * * * * *

**SEC. 502. DEFINITIONS; ELIGIBILITY.**

(a) DEFINITIONS.— For the purpose of this title:

(1) EDUCATIONAL AND GENERAL EXPENDITURES.— * * *

* * * * * * *

(5) HISPANIC-SERVING INSTITUTION.—The term "Hispanic-serving institution" means an institution of higher education that—

(A) is an eligible institution; *and*

(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students[; and].

[(C) provides assurances that not less than 50 percent of the institution's Hispanic students are low-income individuals which assurances—

[(i) may employ statistical extrapolation using appropriate data from the Bureau of the Census or other appropriate Federal or State sources; and

(ii) the Secretary shall consider as meeting the requirements of this subparagraph, unless the Secretary determines, based on a preponderance of the evidence, that the assurances do not meet the requirements.]

* * * * * * *

[(7) LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.]

* * * * * * *

**SEC. 503. AUTHORIZED ACTIVITIES.**

(a) TYPES OF ACTIVITIES AUTHORIZED.— * * *

(b) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

(1) * * *

* * * * * * *

(5) Tutoring, counseling, and student service programs designed to improve academic success, *including innovative, customized remedial education and English language instruction courses designed to help retain students and move the students rapidly into core courses and through program completion.*

*(6) Education or counseling services designed to improve the financial literacy and economic literacy of students or the students' parents.*

*(7) Articulation agreements and student support programs designed to facilitate the transfer from 2-year to 4-year institutions.*

**[**(6)**]** *(8)* Funds management, administrative management, and acquisition of equipment for use in strengthening funds management.

**[**(7)**]** *(9)* Joint use of facilities, such as laboratories and libraries.

**[**(8)**]** *(10)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

**[**(9)**]** *(11)* Establishing or improving an endowment fund.

**[**(10)**]** *(12)* Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

**[**(11)**]** *(13)* Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary schools.

**[**(12)**]** *(14)* Establishing community outreach programs that will encourage elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education.

**[**(13)**]** *(15)* Expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

**[**(14)**]** *(16)* Other activities proposed in the application submitted pursuant to section 504 that—

* * * * * * *

**SEC. 504. DURATION OF GRANT.**

**[**(a) AWARD PERIOD.—**]**

(a) AWARD PERIOD.—The Secretary may award a grant to a Hispanic-serving institution under this title for 5 years.

* * * * * * *

## *PART B—PROMOTING POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC AMERICANS*

***SEC. 511. PROGRAM AUTHORITY AND ELIGIBILITY.***

*(a) PROGRAM AUTHORIZED.—Subject to the availability of funds appropriated to carry out this part, the Secretary shall award grants, on a competitive basis, to eligible institutions to enable the*

*eligible institutions to carry out the authorized activities described in section 512.*

*(b) ELIGIBILITY.—For the purposes of this part, an "eligible institution" means an institution of higher education that—*

*(1) is a Hispanic-serving institution (as defined in section 502); and*

*(2) offers a postbaccalaureate certificate or degree granting program.*

***SEC. 512. AUTHORIZED ACTIVITIES.***

*Grants awarded under this part shall be used for 1 or more of the following activities:*

*(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.*

*(2) Construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services.*

*(3) Purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials.*

*(4) Support for needy postbaccalaureate students, including outreach, academic support services, mentoring, scholarships, fellowships, and other financial assistance, to permit the enrollment of such students in postbaccalaureate certificate and degree granting programs.*

*(5) Support of faculty exchanges, faculty development, faculty research, curriculum development, and academic instruction.*

*(6) Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.*

*(7) Collaboration with other institutions of higher education to expand postbaccalaureate certificate and degree offerings.*

(8) Other activities proposed in the application submitted pursuant to section 513 that are approved by the Secretary as part of the review and acceptance of such application.

**SEC. 513. APPLICATION AND DURATION.**

(a) APPLICATION.—Any eligible institution may apply for a grant under this part by submitting an application to the Secretary at such time and in such manner as the Secretary may require. Such application shall demonstrate how the grant funds will be used to improve postbaccalaureate education opportunities for Hispanic and low-income students and will lead to such students' greater financial independence.

(b) DURATION.—Grants under this part shall be awarded for a period not to exceed 5 years.

(c) LIMITATION.—The Secretary may not award more than 1 grant under this part in any fiscal year to any Hispanic-serving institution.

# PART [B] *C*—GENERAL PROVISIONS

**SEC. [511] *521*. ELIGIBILITY; APPLICATIONS.**

(a) INSTITUTIONAL ELIGIBILITY.— * * *

* * * * * * *

(b) APPLICATIONS.—

(1) APPLICATIONS REQUESTED.— * * *

* * * * * * *

(A) the application meets the requirements of [subsection (b)] *subsection (c)*; and

* * * * * * *

**SEC. [512] *522*. WAIVER AUTHORITY AND REPORTING REQUIREMENT.**

* * * * * * *

**SEC. [513] *523*. APPLICATION REVIEW PROCESS.**

* * * * * * *

**SEC. [514] *524*. COOPERATIVE ARRANGEMENTS.**

(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements with funds available to carry out this title, between Hispanic-serving institutions eligible for assistance under this title, and between such institutions and institutions not receiving assistance under this title, for the activities described in [section 503] *sections 503 and 512* so that the resources of the cooperating institutions might be combined and shared in order to achieve the purposes of this title, to avoid costly duplicative efforts, and to enhance the development of Hispanic-serving institutions.

**SEC. [515] *525*. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.**

* * * * * * *

**SEC. [516] *526*. LIMITATIONS.**

* * * * * * *

**SEC. [517] *527*. PENALTIES.**

* * * * * * *

**SEC. [518] *528*. AUTHORIZATIONS OF APPROPRIATIONS.**

[(a) AUTHORIZATIONS.—There are] *(a) AUTHORIZATIONS.—(1) PART A.—There are* authorized to be appropriated to [carry out] *part A of* this title [$62,500,000 for fiscal year 1999 and such sums as may be necessary for reach of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

*(2) PART B.—There are authorized to be appropriated to carry out part B of this title such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

# TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

## PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

**SEC. 601. FINDINGS [AND PURPOSES]*; PURPOSES; CONSULTATION; SURVEY.***

(a) FINDINGS.—Congress finds as follows:

(1) * * *

* * * * * * *

(3) Dramatic [post-Cold War] changes in the world's geopolitical and economic landscapes are creating needs for American expertise and knowledge about a greater diversity of less commonly taught foreign languages and nations of the world.

* * * * * * *

(b) PURPOSES.—The purposes of this part are—

(1)(A) * * *

* * * * * * *

(D) to promote access to research and training overseas*, including through linkages with overseas institutions*;

* * * * * * *

*(c) CONSULTATION.—The Secretary shall, prior to requesting applications for funding under this title during each grant cycle, consult with and receive recommendations regarding national need for expertise in foreign languages and world regions from the head official, or a designee of such head official, of the National Security Council, the Department of Homeland Security, the Department of Defense, the Department of State, the Federal Bureau of Investigation, the Department of Labor, and the Department of Commerce, the Director of National Intelligence, and other relevant agencies. These entities shall provide information to the Secretary regarding how the entities utilize expertise and resources provided by grantees under this title. The Secretary shall take into account such recommendations and information when requesting applications for funding under this title, and shall make available to applicants a list of areas identified as areas of national need.*

*(d) SURVEY.—The Secretary shall assist grantees in developing a survey to administer to students who have participated in programs under this title to determine postparticipation placement. All grantees, where applicable, shall administer such survey not less often than annually and report such data to the Secretary.*

**SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.**

(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

(1) CENTERS AND PROGRAMS.—

(A) IN GENERAL.—The Secretary is authorized—

(i) * * *

* * * * * * *

(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

(A) * * *

* * * * * * *

(G) summer institutes in the United States or abroad designed to provide language and area training in the center's field or topic; [and]

(H) support for faculty, staff, and student travel in foreign areas, regions, or countries, and for the development and support of educational programs abroad for students[.] *; and*

*(I) support for instructors of the less commonly taught languages.*

* * * * * * *

(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

(A) * * *

* * * * * * *

*(C) Programs of linkage or outreach between or among—*

*(i) foreign language, area studies, or other international fields; and*

*(ii) State educational agencies or local educational agencies.*

[(C)] *(D)* Programs of linkage or outreach with departments or agencies of Federal and State governments.

[(D)] *(E)* Programs of linkage or outreach with the news media, business, professional, or trade associations.

[(E)] *(F)* Summer institutes in foreign area, foreign language, and other international fields designed to carry out the programs of linkage and outreach described in subparagraphs (A), (B), (C), [and (D)] *(D), and (E).*

(b) [GRADUATE] FELLOWSHIPS FOR FOREIGN LANGUAGE AND AREA OR INTERNATIONAL STUDIES.—

(1) IN GENERAL.— * * *

* * * * * * *

[(2) ELIGIBLE STUDENTS.—Students receiving stipends described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program, including predissertation level studies, preparation for dissertation research, dissertation research abroad, and dissertation writing.]

*(2) ELIGIBLE STUDENTS.—A student receiving a stipend described in paragraph (1) shall be engaged—*

*(A) in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program; and*

*(B)(i) in the case of an undergraduate student, in the intermediate or advanced study of a less commonly taught language; or*

*(ii) in the case of a graduate student, in graduate study in connection with a program described in subparagraph (A), including—*

*(I) predissertation level study;*

*(II) preparation for dissertation research;*

*(III) dissertation research abroad; or*

*(IV) dissertation writing.*

* * * * * * *

[(d) ALLOWANCES.—Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.]

*(d) ALLOWANCES.—*

*(1) GRADUATE LEVEL RECIPIENTS.—A stipend awarded to a graduate level recipient may include allowances for dependents and for travel for research and study in the United States and abroad.*

*(2) UNDERGRADUATE LEVEL RECIPIENTS.—A stipend awarded to an undergraduate level recipient may include an allowance for educational programs in the United States or educational programs abroad that—*

*(A) are closely linked to the overall goals of the recipient's course of study; and*

*(B) have the purpose of promoting foreign language fluency and knowledge of foreign cultures.*

*(e) APPLICATION.—Each institution or combination of institutions desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may require. Each application shall include an explanation of how the activities funded by the grant will reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs. Each application shall also describe how the applicant will address disputes regarding whether activities funded under the application reflect diverse perspectives and a wide range of views. Each application shall also include a description of how the applicant will encourage government service in areas of national need as identified by the Secretary.*

* * * * * * *

**SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.**

(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—

(1) AUTHORITY.— * * *

* * * * * * *

(2) USE OF FUNDS.—Grants made under this section may be used for Federal share of the cost of projects and activities which are an integral part of such a program, such as—

(A) * * *

* * * * * * *

*(I) providing subgrants to undergraduate students for educational programs abroad that—*

*(i) are closely linked to the overall goals of the program for which the grant is awarded; and*

*(ii) have the purpose of promoting foreign language fluency and knowledge of foreign cultures;*

[(I)] *(J)* the development of programs designed to integrate professional and technical education with foreign languages, area studies, and other international fields;

[(J)] *(K)* the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational programs assisted under this subsection;

[(K)] *(L)* the conduct of summer institutes in foreign area, foreign language, and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

[(L)] *(M)* the development of partnerships between—

(i) institutions of higher education; and

(ii) the private sector, government, or elementary and secondary education institutions,

in order to enhance international knowledge and skills; and

[(M)] *(N)* the use of innovative technology to increase access to international education programs.

* * * * * * *

(7) APPLICATION.—Each application for assistance under this subsection shall include—

(A) * * *

* * * * * * *

(C) an assurance that students at the applicant institutions, as appropriate, will have equal access to, and derive benefits from, the program assisted under this subsection; [and]

(D) an assurance that each institution, combination or partnership will use the Federal assistance provided under this subsection to supplement and not supplant non-Federal funds the institution expends for programs to improve undergraduate instruction in international studies and foreign language[s.]*;*

*(E) an explanation of how the activities funded by the grant will reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs, where applicable;*

*(F) a description of how the applicant will address disputes regarding whether the activities funded under the application reflect diverse perspectives and a wide range of views; and*

*(G) a description of how the applicant will encourage government service in areas of national need as identified by the Secretary.*

* * * * * * *

(c) [FUNDING SUPPORT.—The Secretary] *FUNDING RULES.—(1) THE SECRETARY.—The Secretary* may use not more than [10] *20* percent of the total amount appropriated for this part for carrying out the purposes of this section.

*(2) GRANTEES.—Of the total amount of grant funds awarded to a grantee under this section, the grantee may use not more than 10 percent of such funds for the activity described in subsection (a)(2)(I).*

**SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.**

(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part. Such research and studies may include—

(1) * * *

* * * * * * *

(8) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies, and testing techniques throughout the education community, including elementary and secondary schools; [and]

(9) the application of performance tests and standards across all areas of foreign language instruction and classroom use[.]*;*

*(10) evaluation of the extent to which programs assisted under this title reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs;*

*(11) the systematic collection, analysis, and dissemination of data that contribute to achieving the purposes of this part; and*

*(12) support for programs or activities to make data collected, analyzed, or disseminated under this section publicly available and easy to understand.*

* * * * * * *

**SEC. 606. TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.**

(a) [AUTHORITY.—The Secretary] *AUTHORITY.—*

*(1) IN GENERAL—The Secretary* is authorized to make grants to institutions of higher education, public or nonprofit private libraries, or consortia of such institutions or libraries, to develop innovative techniques or programs using [new electronic technologies] electronic technologies to collect, organize, preserve, and widely disseminate information *from foreign sources* on world regions and countries other than the United States that address our Nation's teaching and research needs in international education and foreign languages.

(1) IN GENERAL.—The Secretary

*(2) PARTNERSHIPS WITH NOT-FOR-PROFIT EDUCATIONAL ORGANIZATIONS.—The Secretary may award grants under this section to carry out the activities authorized under this section to the following:*

*(A) An institution of higher education.*

*(B) A public or nonprofit private library.*

*(C) A consortium of an institution of higher education and 1 or more of the following:*

*(i) Another institution of higher education.*

*(ii) A library.*

*(iii) A not-for-profit educational organization.*

(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used—

(1) [to facilitate access to] *to acquire, facilitate access to,* or preserve foreign information resources in print or electronic forms;

(2) to develop new means of *or standards for* immediate, full-text document delivery for information and scholarship from abroad;

* * * * * * *

(6) to assist teachers of less commonly taught languages in acquiring, via electronic and other means, materials suitable for classroom use; [and]

(7) to promote collaborative technology based projects in foreign languages, area studies, and international studies among grant recipients under this title[.] *;*

*(8) to establish linkages to facilitate carrying out the activities described in this subsection between—*

*(A) the institutions of higher education, libraries, and consortia receiving grants under this section; and*

*(B) institutions of higher education, not-for-profit educational organizations, and libraries overseas; and*

*(9) to carry out other activities that the Secretary determines are consistent with the purpose of the grants or contracts awarded under this section.*

(c) APPLICATION.—Each [institution or consortium] *institution of higher education, library, or consortium* desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

* * * * * * *

**SEC. 607. SELECTION OF CERTAIN GRANT RECIPIENTS.**

(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, [evaluate the applications for comprehensive and undergraduate language and area centers and programs.] *evaluate—*

*(1) the applications for comprehensive foreign language and area or international studies centers and programs; and*

*(2) the applications for undergraduate foreign language and area or international studies centers and programs.*

(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objective of graduate and undergraduate institutions. *The Secretary shall also consider an applicant's record of sending students into public service and an*

*applicant's stated efforts to increase the number of students that go into public service.*

* * * * * * *

**SEC. 609. AMERICAN OVERSEAS RESEARCH CENTERS.**

(a) CENTERS AUTHORIZED.— * * *

* * * * * * *

*(e) APPLICATION.—Each center desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may require. Each application shall include how the activities funded by the grant will reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs, where applicable. Each application shall also describe how the applicant will address disputes regarding whether the activities funded under the application reflect diverse perspectives and a wide range of views.*

**SEC. 610. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to carry out this part **[**$80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 612. CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.**

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.— * * *

* * * * * * *

(f) GRANT CONDITIONS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

(1) * * *

* * * * * * *

(3) assurance that the education and training programs of the center will be open to students concentrating in each of these respective areas, as appropriate; **[**and**]**

(4) assurance that the institution of higher education, or combination of such institutions, will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (c)(1)**[**.**]** *; and*

*(5) assurances that activities funded by the grant will reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs, where applicable.*

**SEC. 613. EDUCATION AND TRAINING PROGRAMS.**

(a) PROGRAM AUTHORIZED.— * * *

* * * * * * *

(c) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an institution of higher

education submits an application to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall be accompanied by a copy of the agreement entered into by the institution of higher education with a business enterprise, trade organization or association engaged in international economic activity, or a combination or consortium of such enterprises, organizations, or associations, for the purpose of establishing, developing, improving or expanding activities eligible for assistance under subsection (b) of this section. Each such application shall contain assurances that the institution of higher education will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (b). *Each such application shall include an assurance that, where applicable, the activities funded by the grant will reflect diverse perspectives and a wide range of views on world regions and international affairs.*

* * * * * * *

**SEC. 614. AUTHORIZATION OF APPROPRIATIONS.**

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—There are authorized to be appropriated **[**$11,000,000 for the fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years* to carry out the provisions of section 612.

(b) EDUCATION AND TRAINING PROGRAMS.—There are authorized to be appropriated **[**$7,000,000 for fiscal year 1999, and such sums as may be necessary for the 4 succeeding fiscal years,**]** *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years* to carry out the provisions of section 613.

## PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY

**SEC. 621. MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.**

(a) ESTABLISHMENT.— * * *

* * * * * * *

(c) APPLICATION.—Each eligible recipient desiring a grant under this section shall submit an application at such time, in such manner, and accompanied by such information as the Secretary may reasonably require. *Each application shall include a description of how the activities funded by the grant will reflect diverse perspectives and a wide range of views on world regions and international affairs, where applicable.*

* * * * * * *

(e) **[**MATCH REQUIRED.—The eligible**]** *MATCHING FUNDS.—*

*(1) IN GENERAL.—Subject to paragraph (2), the eligible;*

*(2) WAIVER.—The Secretary may waive the requirement of paragraph (1) for an eligible recipient if the Secretary determines such waiver is appropriate.*

**SEC. 622. INSTITUTIONAL DEVELOPMENT.**

(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, [Tribally Controlled Colleges or Universities,] *tribally controlled colleges or universities*, and minority institutions, to enable such colleges, universities, and institutions to strengthen [international affairs programs.] *international affairs, international business, and foreign language study programs, including the teaching of foreign languages, at such colleges, universities, and institutions, respectively, through increased collaboration with institutions of higher education that receive funding under this title.*

* * * * * * *

(c) DEFINITIONS.—In this section—

[(1) the term "historically Black college and university" has the meaning given the term in section 322;]

[(2)] *(1)* the term "Hispanic-serving instutition" has the meaning given the term in section 502; *and*

[(3) the term "Tribally Controlled College or University" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and]

[(4)] *(2)* the term "minority institution" has the meaning given the term in section 365.

**SEC. 623. STUDY ABROAD PROGRAM.**

(a) PROGRAM AUTHORITY.—The Institute shall conduct, by grant or contract, a junior year abroad program. The junior year abroad program shall be open to eligible students at institutions of higher education, including historically Black colleges and universities [as defined in section 322 of this Act], [tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978] *tribally controlled colleges or universities*, and other institutions of higher education with significant minority student populations. Eligible student expenses shall be shared by the Institute and the institution at which the student is in attendance. Each student may spend not more than 9 months abroad in a program of academic study, as well as social, familial and political interactions designed to foster an understanding of and familiarity with the language, culture, economics and governance of the host country.

* * * * * * *

**SEC. 624. [MASTERS] *ADVANCED* DEGREE IN INTERNATIONAL RELATIONS.**

The Institute shall provide, in cooperation with the other members participating in the eligible recipient consortium, a program of study leading to a masters degree*, and in exceptional circumstances, a doctoral degree,* in international relations. The [masters degree] *advanced degree* program designed by the consortia shall be reviewed and approved by the Secretary. The Institute may grant fellowships in an amount not to exceed the level of support comparable to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of

need according to measurement of need approved by the Secretary. A fellowship recipient shall agree to undertake full-time study and to enter the international service (including work with private international voluntary organizations) or foreign service of the [United States] *United States.*

* * * * * * *

**SEC. 625. INTERNSHIPS.**

(a) IN GENERAL.—The Institute shall enter into agreements with historically Black colleges and universities [as defined in section 322 of this Act], [tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978] *tribally controlled colleges or universities*, other institutions of higher education with significant numbers of minority students, and institutions of higher education with programs in training foreign service professionals, to provide academic year internships during the junior and senior year and summer internships following the sophomore and junior academic years, by work placements with [an international] *international,* voluntary or government organizations or agencies, including the Agency for International Development, [the United States Information Agency] *the Department of State*, the International Monetary Fund, the National Security Council, the Organization of American States, the Export-Import Bank, the Overseas Private Investment Corporation, the Department of State, Office of the United States Trade Representative, the World Bank, and the United Nations.

* * * * * * *

(c) INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.—

(1) ESTABLISHMENT.—There is established in the executive branch of the Federal Government an Interagency Committee on Minority Careers in International Affairs composed of not less than 7 members, including—

(A) * * *

* * * * * * *

(E) the Director General of the Foreign Service of the Department of State, or the Director General's designee; *and*

(F) the General Counsel of the Agency for International Development, or the General Counsel's designee[; and].

[(G) the Associate Director for Educational and Cultural Affairs of the United States Information Agency, or the Associate Director's designee.]

* * * * * * *

***SEC. 626. FINANCIAL ASSISTANCE.***

*(a) AUTHORITY.—The Institute may provide financial assistance, in the form of summer stipends described in subsection (b) and Ralph Bunche scholarship assistance described in subsection (c), to needy students to facilitate the participation of the students in the Institute's programs under this part.*

*(b) SUMMER STIPENDS.—*

*(1) REQUIREMENTS.—A student receiving a summer stipend under this section shall use such stipend to defray the student's*

*cost of participation in a summer institute program funded under this part, including the costs of travel, living, and educational expenses necessary for the student's participation in such program.*

*(2) AMOUNT.—A summer stipend awarded to a student under this section shall not exceed $3,000 per summer.*

*(c) RALPH BUNCHE SCHOLARSHIP.—*

*(1) REQUIREMENTS.—A student receiving a Ralph Bunche scholarship under this section—*

*(A) shall be a full-time student at an institution of higher education who is accepted into a program funded under this part; and*

*(B) shall use such scholarship to pay costs related to the cost of attendance, as defined in section 472, at the institution of higher education in which the student is enrolled.*

*(2) AMOUNT AND DURATION.—A Ralph Bunche scholarship awarded to a student under this section shall not exceed $5,000 per academic year.*

* * * * * * *

**SEC. [626] *627.* REPORT.**

The Institute shall [annually] *biennially* prepare a report on the activities of the Institute and shall submit such report to the Secretary of Education and the Secretary of State.

**SEC. [627] *628.* GIFTS AND DONATIONS.**

The Institute is authorized to receive money and other property donated, bequeathed, or devised to the Institute with or without a condition of restriction, for the purpose of providing financial support for the fellowships or underwriting the cost of the Junior Year Abroad Program. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the [annual report described in section 626] *biennial report described in section 627.*

* * * * * * *

**SEC. [628] *629.* AUTHORIZATION.**

There is authorized to be appropriated [$10,000,000 for fiscal year 1999 and such sums as may necessary for each of the 4 succeeding fiscal years to carry out this part.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

## PART D—GENERAL PROVISIONS

**SEC. 631. DEFINITIONS.**

(a) DEFINITIONS.—As used in this title—

(1) * * *

* * * * * * *

[(5)] *(2)* the term ["comprehensive language and a area center"] *comprehensive foreign language and area or international studies center* means an administrative unit of a university that contributes significantly to the national interest in ad-

vanced research and scholarship, employs a critical mass of scholars in diverse disciplines related to a geographic concentration, offers intensive language training in languages of its area specialization, maintains important library collections related to the area, and makes training available in language and area studies to a graduate, postgraduate, and undergraduate clientele; and

**[**(7)**]** *(3)* the term **[**"critical languages"**]** *critical foreign languages* means each of the languages contained in the list of critical languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413), except that, in the implementation of this definition, the Secretary may set priorities according to the purposes of this title:

**[**(9)**]** *(4)* the term "educational programs abroad" means programs of study, internships, or service learning outside the United States which are part of a foreign language or other international curriculum at the undergraduate or graduate education levels**[**.**]***;*

**[**(3)**]** *(5)* the term "export education" means educating, teaching and training to provide general knowledge and specific skills pertinent to the selling of goods and services to other countries, including knowledge of market conditions, financial arrangements, laws and procedures;

*(6) the term "historically Black college and university" has the meaning given the term "part B institution" in section 322;*

**[**(8)**]** *(7)* the term "institution of higher education" means, in addition to institutions which meet the definition of section 101 of this Act, institutions which meet the requirements of section 101 of this Act except that (1) they are not located in the United States, and (2) they apply for assistance under this title in consortia with institutions which meet the definition of section 101 of this act; **[**and**]**

**[**(2)**]** *(8)* the term "international business" means profit-oriented business relationships conducted across national boundaries and includes activities such as the buying and selling of goods, investments in industries, the licensing of processes, patents and trademarks, and the supply of services;

**[**(4)**]** *(9)* the term "internationalization of curricula" means the incorporation of international or comparative perspectives in existing courses of study or the addition of new components to the curricula to provide an international context for American business education;

*(10) the term "tribally controlled college or university" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and*

**[**(6)**]** *(11)* the term **[**"undergraduate language and area center"**]** *undergraduate foreign language and area or international studies center* means an administrative unit of an institution of higher education, including but not limited to 4-year colleges, that contributes significantly to the national interest through the education and training of students who matriculate into advanced language and area studies programs, professional school programs, or incorporates substantial international and

foreign language content into baccalaureate degree programs, engages in research, curriculum development and community outreach activities designed to broaden international and foreign language knowledge, employs faculty with strong language, area, and international studies credentials, maintains library holdings, including basic reference works, journals, and works in translation, and makes training available predominantly to undergraduate students;

* * * * * * *

***SEC. 632. ASSESSMENT; ENFORCEMENT; RULE OF CONSTRUCTION.***

*(a) IN GENERAL.—The Secretary is authorized to assess and ensure compliance with all the conditions and terms of grants provided under this title. If a complaint regarding activities funded under this title is not resolved under the process outlined in the relevant grantee's application, and such complaint is filed with the Department, the Secretary shall be notified, and is authorized, when circumstances warrant, to immediately suspend future funding for the grant pending resolution of such dispute. Such resolution shall not exceed 60 days. The Secretary shall take the outcomes of such complaints into account when determining the renewal of grants.*

*(b) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to authorize the Secretary to mandate, direct, or control an institution of higher education's specific instructional content, curriculum, or program of instruction.*

***SEC. 633. EVALUATION, OUTREACH, AND INFORMATION.***

*The Secretary may use not more than 1 percent of the funds made available under this title to carry out program evaluation, national outreach, and information dissemination activities relating to the programs authorized under this title.*

## TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

**SEC. 700. PURPOSE.**

It is the purpose of this title—

(1) to authorize national graduate fellowship programs—

(A) in order to attract students of superior ability and achievement, exceptional promise, and demonstrated financial need, into high-quality graduate programs and provide the students with the financial support necessary to complete advanced degrees; and

(B) that are designed to—

(i) sustain and enhance the capacity for graduate education in areas of national need*, including those areas critical to United States national and homeland security needs such as mathematics, science, and engineering*; and

* * * * * * *

**SEC. 702. ALLOCATION OF FELLOWSHIPS.**

(a) FELLOWSHIP BOARD.—

[(1) APPOINTMENT.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this

subpart referred to as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly representative of a range of disciplines in graduate education in arts, humanities, and social sciences.]

*(1) APPOINTMENT.—*

*(A) IN GENERAL.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (referred to in this subpart as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board.*

*(B) QUALIFICATIONS.—In making appointments under subparagraph (A), the Secretary shall—*

*(i) give due consideration to the appointment of individuals who are highly respected in the academic community;*

*(ii) assure that individuals appointed to the Board are broadly representative of a range of disciplines in graduate education in arts, humanities, and social sciences;*

*(iii) appoint members to represent the various geographic regions of the United States; and*

*(iv) include representatives from minority institutions, as defined in section 365.*

**SEC. 703. STIPENDS.**

(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this subpart such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this subpart. In the case of an individual who receives such individual's first stipend under this subpart in academic year 1999–2000 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation [graduate fellowships] *Graduate Research Fellowship Program*, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need determined in accordance with part F or title IV.

* * * * * * *

**SEC. 705. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated [$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years to carry out this subpart.*

* * * * * * *

**SEC. 712. INSTITUTIONAL ELIGIBILITY.**

(a) ELIGIBILITY CRITERIA.— * * *

[(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which the interest in the area is compelling, the extent to which other Federal programs support postbaccalaureate study in the area concerned, and an assessment of how the program could achieve the most significant impact with available resources.]

*(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, including the National Science Foundation, the Department of Defense, the Department of Homeland Security, the National Academy of Sciences, and the Bureau of Labor Statistics, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into consideration—*

*(1) the extent to which the interest in the area is compelling;*

*(2) the extent to which other Federal programs support postbaccalaureate study in the area concerned;*

*(3) an assessment of how the program may achieve the most significant impact with available resources; and*

*(4) an assessment of current and future professional workforce needs of the United States.*

* * * * * * *

**SEC. 714. AWARDS TO GRADUATE STUDENTS.**

(a) COMMITMENTS TO GRADUATE STUDENTS.—

(1) IN GENERAL.— * * *

* * * * * * *

(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this subpart. The stipends the Secretary establishes shall reflect the purpose of the program under this supbart to encourage highly talented students to undertake graduate study as described in this subpart. In the case of an individual who receives such individual's first stipend under this subpart in academic year [1999–2000] *2006–2007* or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation [graduate fellowships] *Graduate Research Fellowship Program*, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need as determined under part F of title IV.

(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this subpart in amounts that exceed the institutional payments made by the Secretary pursuant to section [716(a)] *715(a)* may count such excess toward the amounts the institution is required to provide pursuant to section [714(b)(2)] *713(b)(2)*.

* * * * * * *

**SEC. 715. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.**

(a) INSTITUTIONAL PAYMENTS.—

(1) IN GENERAL.—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution

of higher education, for each individual awarded a fellowship under this subpart at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be, for [1999–2000] *2006–2007* and succeeding academic years, the same amount as the institutional payment made for [1998–1999] *2005–2006* adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

* * * * * * *

**SEC. 716. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated [$35,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years to carry out this subpart.*

* * * * * * *

## Subpart 3—Thurgood Marshall Legal Educational Opportunity Program

**SEC. 721. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.**

(a) PROGRAM AUTHORITY.— * * *

* * * * * * *

(g) STIPENDS.— * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—Thre are authorized to be appropriated to carry out this section [$5,000,000 for fiscal year 1999 and each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

## PART B—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

**SEC. 741. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.**

(a) AUTHORITY.— * * *

(1) * * *

(2) * * *

[(3) the establishment of institutions and programs based on the technology of communications;]

*(3) the establishment and continuation of institutions, programs, consortia, collaborations, and other joint efforts based on the technology of communications, including those efforts that utilize distance education and technological advancements to educate and train postsecondary students (including health professionals serving medically underserved populations);*

(4) * * *

(5) * * *

(6) * * *

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; [and]

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto[.]*;*

*(9) the introduction of reforms in remedial education, including English language instruction, to customize remedial courses to student goals and help students progress rapidly from remedial courses into core courses and through program completion;*

*(10) the creation of consortia that join diverse institutions of higher education for the purpose of integrating curricular and co-curricular interdisciplinary study; and*

*(11) providing support and assistance to programs implementing integrated education reform services in order to improve secondary school graduation and college attendance and completion rates for disadvantaged students.*

* * * * * * *

**SEC. 744. SPECIAL PROJECTS.**

(a) GRANT AUTHORITY.— * * *

(b) * * *

[(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially included, but shall not be limited to, the following:

[(1) Institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost and price control.

[(2) Articulation between 2- and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2- to 4-year institutions of higher education.

[(3) Evaluation and dissemination of model programs.

[(4) International cooperation and student exchange among postsecondary educational institutions.]

*(c) AREAS OF NATIONAL NEED.—Areas of national need shall include, at a minimum, the following:*

*(1) Institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost and price control.*

*(2) Improvements in academic instruction and student learning, including efforts designed to assess the learning gains made by postsecondary students.*

*(3) Articulation between 2- and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2- to 4-year institutions of higher education.*

*(4) Development, evaluation and dissemination of model programs, including model core curricula that—*

*(A) provide students with a broad and integrated knowledge base;*

*(B) include, at a minimum, broad survey courses in English literature, American and world history, American political institutions, economics, philosophy, college-level mathematics, and the natural sciences; and*

*(C) include sufficient study of a foreign language to lead to reading and writing competency in the foreign language.*

*(5) International cooperation and student exchanges among postsecondary educational institutions.*

* * * * * * *

**SEC. 745. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to carry out this part [$30,000,00 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years*.

* * * * * * *

**SEC. 762. GRANTS AUTHORIZED.**

(a) COMPETITIVE GRANTS AUTHORIZED.— * * *

(b) DURATION; ACTIVITIES.—

(1) DURATION.—Grants under this part shall be awarded for a period of 3 years.

(2) AUTHORIZED ACTIVITIES.—Grants under this part shall be used to carry out one or more of the following activities:

(A) TEACHING METHODS AND STRATEGIES.—The development of innovative, effective, and efficient teaching methods and strategies to provide faculty and administrators with the skills and supports necessary [to teach students with disabilities] *to teach and meet the academic and programmatic needs of students with disabilities in order to improve retention and completion of postsecondary education*. Such methods and strategies may include inservice training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning, and training in the use of assistive and education technology.

*(B) EFFECTIVE TRANSITION PRACTICES.—The development of innovative and effective teaching methods and strategies to ensure the successful transition of students with disabilities from secondary school to postsecondary education.*

[(B)] (*C*) SYNTHESIZING RESEARCH AND INFORMATION.—Synthesizing research and other information related to the provision of postsecondary educational services to students with disabilities[.]*, including data on the postsecondary education of and impact on subsequent employment of students with disabilities. Such research, information, and data shall be made publicly available and accessible*.

*(D) DISTANCE LEARNING.—The development of innovative and effective teaching methods and strategies to provide faculty and administrators with the ability to provide accessible distance education programs or classes that would enhance access of students with disabilities to higher education, including the use of accessible curriculum and electronic communication for instruction and advisement.*

*(E) DISABILITY CAREER PATHWAYS.—Training and providing support to secondary and postsecondary staff to encourage interest in, enhance awareness and understanding of, provide educational opportunities in, teach practical skills related to, and offer work-based opportunities in, disability related fields, among students, including students*

*with disabilities. Such training and support may include developing means to offer students credit-bearing, college-level coursework, and career and educational counseling.*

[(C)] *(F)* PROFESSIONAL DEVELOPMENT AND TRAINING SESSIONS.—Conducting professional development and training sessions for faculty and administrators from other institutions of higher education to enable the faculty and administrators to meet the postsecondary educational needs of students with disabilities.

*(G) ACCESSIBILITY OF EDUCATION.—Making postsecondary education more accessible to students with disabilities through curriculum development.*

(3) MANDATORY EVALUATION AND DISSEMINATION.—Grants under this part shall be used for evaluation, and dissemination to other institutions of higher education, of the information obtained through the activities described in [subparagraphs (A) through (C)] *subparagraphs (A) through (G).*

(c) CONSIDERATIONS IN MAKING AWARDS.—In awarding grants, contracts, or cooperative agreements under this section, the Secretary shall consider the following:

(1) * * *

* * * * * * *

*(d) REPORT.—The Secretary shall prepare and disseminate a report reviewing the activities of the demonstration projects authorized under this part and providing guidance and recommendations on how successful projects can be replicated.*

* * * * * * *

**SEC. 763. APPLICATIONS**

Each institution of higher education desiring to receive a grant, contract, or cooperative agreement under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall include—

[(1) a description of how such institution plans to address each of the activities required under this part;]

*(1) a description of how such institution plans to address the activities allowed under this part;*

(2) a description of how the institution consulted with a broad range of people within the institution to develop activities for which assistance is sought; [and]

(3) a description of how the institution will coordinate and collaborate with the office that provides services to students with disabilities within the institution[.] *; and*

*(4) a description of the extent to which the institution will work to replicate the research based and best practices of institutions of higher education with demonstrated success in serving students with disabilities.*

* * * * * * *

**SEC. 765. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated for this part [$10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as may*

*be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

# *TITLE VIII—MISCELLANEOUS*

## *PART A—MATHEMATICS AND SCIENCE SCHOLARS PROGRAM*

***SEC. 811. MATHEMATICS AND SCIENCE SCHOLARS PROGRAM.***

*(a) PROGRAM AUTHORIZED.—The Secretary is authorized to award grants to States, on a competitive basis, to enable the States to award eligible students, who complete a rigorous secondary school curriculum in mathematics and science, scholarships for undergraduate study.*

*(b) ELIGIBLE STUDENTS.—A student is eligible for a scholarship under this section if the student is a full-time undergraduate student in the student's first and second year of study who has completed a rigorous secondary school curriculum in mathematics and science.*

*(c) RIGOROUS CURRICULUM.—Each participating State shall determine the requirements for a rigorous secondary school curriculum in mathematics and science described in subsection (b).*

*(d) PRIORITY FOR SCHOLARSHIPS.—The Governor of a State may set a priority for awarding scholarships under this section for particular eligible students, such as students attending schools in high-need areas, students who are from groups underrepresented in the fields of mathematics, science, and engineering, students served by local educational agencies that do not meet or exceed State standards in mathematics and science, or students with regional or geographic needs as determined appropriate by the Governor.*

*(e) AMOUNT AND DURATION OF SCHOLARSHIP.—The Secretary shall award a grant under this section—*

*(1) in an amount that does not exceed $1,000; and*

*(2) for not more than 2 years of undergraduate study.*

*(f) MATCHING REQUIREMENT.—In order to receive a grant under this section, a State shall provide matching funds for the scholarships awarded under this section in an amount equal to 50 percent of the Federal funds received.*

*(g) AUTHORIZATION.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

## *PART B—POSTSECONDARY EDUCATION ASSESSMENT*

***SEC. 821. POSTSECONDARY EDUCATION ASSESSMENT.***

*(a) CONTRACT FOR ASSESSMENT.—The Secretary shall enter into a contract, with an independent, bipartisan organization with specific expertise in public administration and financial management, to carry out an independent assessment of the cost factors associated with the cost of tuition at institutions of higher education.*

*(b) TIMEFRAME.—The Secretary shall enter into the contract described in subsection (a) not later than 90 days after the date of enactment of the Higher Education Amendments of 2005.*

*(c) MATTERS ASSESSED.—The assessment described in subsection (a) shall—*

*(1) examine the key elements driving the cost factors associated with the cost of tuition at institutions of higher education during academic year 2000 and succeeding academic years;*

*(2) identify and evaluate measures being used to control postsecondary education costs;*

*(3) identify and evaluate effective measures that may be utilized to control postsecondary education costs in the future; and*

*(4) identify systemic approaches to monitor future postsecondary education cost trends and postsecondary education cost control mechanisms.*

## *PART C—JOB SKILL TRAINING IN HIGH-GROWTH OCCUPATIONS OR INDUSTRIES*

### *SEC. 831. JOB SKILL TRAINING IN HIGH-GROWTH OCCUPATIONS OR INDUSTRIES.*

*(a) GRANTS AUTHORIZED.—The Secretary is authorized to award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to provide relevant job skill training in high-growth industries or occupations.*

*(b) DEFINITIONS.—In this section:*

*(1) ELIGIBLE PARTNERSHIP.—The term "eligible partnership" means a partnership—*

*(A) between an institution of higher education and a local board (as such term is defined in section 101 of the Workforce Investment Act of 1998); or*

*(B) if an institution of higher education is located within a State that does not operate local boards, between the institution of higher education and a State board (as such term is defined in section 101 of the Workforce Investment Act of 1998).*

*(2) NONTRADITIONAL STUDENT.—The term "nontraditional student" means a student who—*

*(A) is independent, as defined in section 480(d);*

*(B) attends an institution of higher education—*

*(i) on less than a full-time basis;*

*(ii) via evening, weekend, modular, or compressed courses; or*

*(iii) via distance learning methods; or*

*(C) has delayed enrollment at an institution of higher education.*

*(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means an institution of higher education, as defined in section 101(b), that offers a 1- or 2-year program of study leading to a degree or certificate.*

*(c) APPLICATION.—*

*(1) IN GENERAL.—Each eligible partnership that desires a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require.*

*(2) CONTENTS.—Each application submitted under paragraph (1) shall include a description of—*

*(A) how the eligible partnership, through the institution of higher education, will provide relevant job skill training for students to enter high-growth occupations or industries;*

*(B) local high-growth occupations or industries; and*

*(C) the need for qualified workers to meet the local demand of high-growth occupations or industries.*

*(d) AWARD BASIS.—In awarding grants under this section, the Secretary shall—*

*(1) ensure an equitable distribution of grant funds under this section among urban and rural areas of the United States; and*

*(2) take into consideration the capability of the institution of higher education—*

*(A) to offer relevant, high quality instruction and job skill training for students entering a high-growth occupation or industry;*

*(B) to involve the local business community and to place graduates in the community in employment in high-growth occupations or industries;*

*(C) to provide secondary students with dual-enrollment or concurrent enrollment options;*

*(D) to serve nontraditional or low-income students, or adult or displaced workers; and*

*(E) to serve students from rural or remote communities.*

*(e) USE OF FUNDS.—Grant funds provided under this section may be used—*

*(1) to expand or create academic programs or programs of training that provide relevant job skill training for high-growth occupations or industries;*

*(2) to purchase equipment which will facilitate the development of academic programs or programs of training that provide training for high-growth occupations or industries;*

*(3) to support outreach efforts that enable students to attend institutions of higher education with academic programs or programs of training focused on high-growth occupations or industries;*

*(4) to expand or create programs for distance, evening, weekend, modular, or compressed learning opportunities that provide relevant job skill training in high-growth occupations or industries;*

*(5) to build partnerships with local businesses in high-growth occupations or industries;*

*(6) to support curriculum development related to entrepreneurial training; and*

*(7) for other uses that the Secretary determines to be consistent with the intent of this section.*

*(f) REQUIREMENTS.—*

*(1) FISCAL AGENT.—For the purpose of this section, the institution of higher education in an eligible partnership shall serve as the fiscal agent and grant recipient for the eligible partnership.*

*(2) DURATION.—The Secretary shall award grants under this section for periods that may not exceed 5 years.*

*(3) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement and not supplant other Federal, State, and local funds available to the eligible*

*partnership for carrying out the activities described in subsection (e).*

*(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

## *PART D—GRANT PROGRAM TO INCREASE STUDENT RETENTION AND PROMOTE ARTICULATION AGREEMENTS*

### *SEC. 841. GRANT PROGRAM TO INCREASE STUDENT RETENTION AND PROMOTE ARTICULATION AGREEMENTS.*

*(a) AUTHORIZATION OF PROGRAM.—The Secretary shall award grants, on a competitive basis, to eligible institutions to enable the institutions to—*

*(1) focus on increasing traditional and nontraditional student retention at such institutions; and*

*(2) promote articulation agreements among different institutions that will increase the likelihood of progression of students at such institutions to baccalaureate degrees.*

*(b) DEFINITION OF ELIGIBLE INSTITUTION.—In this section, the term "eligible institution" means an institution of higher education (as defined in section 101(a)) where not less than 40 percent of such institution's student body receives financial aid under subpart 1 of part A of title IV.*

*(c) APPLICATION.—An eligible institution that desires a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including the number of students proposed to be served and a description of the services that will be provided.*

*(d) MANDATORY ACTIVITIES.—An eligible institution that receives a grant under this section shall use the grant funds to carry out each of the following:*

*(1) Offering counseling and advisement services to help students adapt to postsecondary education and select appropriate coursework.*

*(2) Making mentors available to students who are at risk for not completing a degree.*

*(3) Providing detailed assistance to students who request help in understanding—*

*(A) the options for financing their education, including information on grants, loans, and loan repayment programs;*

*(B) the process of applying for financial assistance;*

*(C) the outcome of their financial assistance application; and*

*(D) any unanticipated problems related to financing their education that arise.*

*(4) Offering tutoring to students at risk of dropping out of school with any course or subject.*

*(5) Designing and implementing innovative ways to improve retention in and completion of courses, such as enrolling students in cohorts, providing counseling, or creating bridge programs that customize courses to the needs of special population students.*

*(6) Conducting outreach activities so that all students know that these services are available and are aware of how to access the services.*

*(7) Creating articulation agreements to promote smooth transition from two year to four year programs.*

*(8) Making services listed in paragraphs (1) through (5) available in students' native languages, if it is not English, if the percentage of students needing translation services in a specific language exceeds 5 percent.*

*(e) PERMISSIBLE ACTIVITIES.—An eligible institution that receives a grant under this section may use grant funds to carry out any of the following activities:*

*(1) Designing innovative course schedules to meet the needs of working adults, such as online, modular, compressed, or other alternative methods.*

*(2) Offering childcare during the hours when students have class or are studying.*

*(3) Providing transportation assistance to students that helps such students manage their schedules.*

*(4) Partnering with local businesses to create flexible work-hour programs so that students can balance work and school.*

*(5) Offering time management or financial literacy seminars to help students improve their management skills.*

*(6) Improving professional development to align instruction with innovative program designs.*

*(7) Any other activities the Secretary believes will promote retention of students attending eligible institutions.*

*(f) TECHNICAL ASSISTANCE.—The Secretary may enter into a contract with a private entity to provide such technical assistance to grantees under this section as the Secretary determines appropriate.*

*(g) EVALUATION.—The Secretary shall conduct an evaluation of program impacts under the demonstration program, and shall disseminate to the public the findings from the evaluation and information on best practices.*

*(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this and such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

## *PART E—AMERICAN HISTORY FOR FREEDOM*

***SEC. 851. AMERICAN HISTORY FOR FREEDOM.***

*(a) GRANTS AUTHORIZED.—The Secretary is authorized to award 3-year grants, on a competitive basis, to eligible institutions to establish or strengthen postsecondary academic programs or centers that promote and impart knowledge of—*

*(1) traditional American history;*

*(2) the history and nature of, and threats to, free institutions; or*

*(3) the history and achievements of Western civilization.*

*(b) DEFINITIONS.—In this section:*

*(1) ELIGIBLE INSTITUTION.—The term "eligible institution" means an institution of higher education as defined in section 101.*

*(2) FREE INSTITUTION.—The term "free institution" means an institution that emerged out of Western civilization, such as democracy, constitutional government, individual rights, market*

*economics, religious freedom and religious tolerance, and freedom of thought and inquiry.*

*(3) TRADITIONAL AMERICAN HISTORY.—The term "traditional American history" means—*

*(A) the significant constitutional, political, intellectual, economic, and foreign policy trends and issues that have shaped the course of American history; and*

*(B) the key episodes, turning points, and leading figures involved in the constitutional, political, intellectual, diplomatic, and economic history of the United States.*

*(c) APPLICATION.—*

*(1) IN GENERAL.—Each eligible institution that desires a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require.*

*(2) CONTENTS.—Each application submitted under subsection (a) shall include a description of —*

*(A) how funds made available under this part will be used for the activities set forth under subsection (e), including how such activities will increase knowledge with respect to traditional American history, free institutions, or Western civilization;*

*(B) how the eligible institution will ensure that information about the activities funded under this part is widely disseminated pursuant to subsection (e)(1)(B);*

*(C) any activities to be undertaken pursuant to subsection (e)(2)(A), including identification of entities intended to participate;*

*(D) how funds made available under this part shall be used to supplement and not supplant non-Federal funds available for the activities described in subsection (e); and*

*(E) such fiscal controls and accounting procedures as may be necessary to ensure proper disbursement of and accounting for funding made available to the eligible institution under this part.*

*(d) AWARD BASIS.—In awarding grants under this part, the Secretary shall take into consideration the capability of the eligible institution to—*

*(1) increase access to quality programming that expands knowledge of traditional American history, free institutions, or Western civilization;*

*(2) involve personnel with strong expertise in traditional American history, free institutions, or Western civilization; and*

*(3) sustain the activities funded under this part after the grant has expired.*

*(e) USE OF FUNDS.—*

*(1) REQUIRED USE OF FUNDS.—Funds provided under this part shall be used to—*

*(A) establish or strengthen academic programs or centers focused on traditional American history, free institutions, or Western civilization, which may include—*

*(i) design and implementation of programs of study, courses, lecture series, seminars, and symposia;*

*(ii) development, publication, and dissemination of instructional materials;*

*(iii) research;*

*(iv) support for faculty teaching in undergraduate and, if applicable, graduate programs;*

*(v) support for graduate and postgraduate fellowships, if applicable; or*

*(vi) teacher preparation initiatives that stress content mastery regarding traditional American history, free institutions, or Western civilization; and*

*(B) conduct outreach activities to ensure that information about the activities funded under this part is widely disseminated—*

*(i) to undergraduate students (including students enrolled in teacher education programs, if applicable);*

*(ii) to graduate students (including students enrolled in teacher education programs), if applicable;*

*(iii) to faculty;*

*(iv) to local educational agencies; and*

*(v) within the local community.*

*(2) ALLOWABLE USES OF FUNDS.—Funds provided under this part may be used to support—*

*(A) collaboration with entities such as—*

*(i) local educational agencies, for the purpose of providing elementary, middle and secondary school teachers an opportunity to enhance their knowledge of traditional American history, free institutions, or Western civilization; and*

*(ii) nonprofit organizations whose mission is consistent with the purpose of this part, such as academic organizations, museums, and libraries, for assistance in carrying out activities described under subsection (a); and*

*(B) other activities that meet the purposes of this part.*

*(f) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

## *PART F—TEACH FOR AMERICA*

***SEC. 861. TEACH FOR AMERICA.***

*(a) DEFINITIONS.—*

*(1) IN GENERAL.—The terms "highly qualified", "local educational agency", and "Secretary" have the meanings given the terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).*

*(2) GRANTEE.—The term "grantee" means Teach For America, Inc.*

*(3) HIGH NEED.—The term "high need", when used with respect to a local educational agency, means a local educational agency experiencing a shortage of highly qualified teachers.*

*(b) GRANTS AUTHORIZED.—The Secretary is authorized to award a grant to Teach For America, Inc., the national teacher corps of outstanding recent college graduates who commit to teach for 2 years in underserved communities in the United States, to implement and expand its program of recruiting, selecting, training, and supporting new teachers.*

*(c) REQUIREMENTS.—In carrying out the grant program under subsection (b), the Secretary shall enter into an agreement with the grantee under which the grantee agrees to use the grant funds provided under this section—*

*(1) to provide highly qualified teachers to high need local educational agencies in urban and rural communities;*

*(2) to pay the cost of recruiting, selecting, training, and supporting new teachers; and*

*(3) to serve a substantial number and percentage of underserved students.*

*(d) AUTHORIZED ACTIVITIES.—*

*(1) IN GENERAL.—Grant funds provided under this section shall be used by the grantee to carry out each of the following activities:*

*(A) Recruiting and selecting teachers through a highly selective national process.*

*(B) Providing preservice training to the teachers through a rigorous summer institute that includes hands-on teaching experience and significant exposure to education coursework and theory.*

*(C) Placing the teachers in schools and positions designated by partner local educational agencies as high need placements serving underserved students.*

*(D) Providing ongoing professional development activities for the teachers' first 2 years in the classroom, including regular classroom observations and feedback, and ongoing training and support.*

*(2) LIMITATION.—The grantee shall use all grant funds received under this section to support activities related directly to the recruitment, selection, training, and support of teachers as described in subsection (a).*

*(e) REPORTS AND EVALUATIONS.—*

*(1) ANNUAL REPORT.—The grantee shall provide to the Secretary an annual report that includes—*

*(A) data on the number and quality of the teachers provided to local educational agencies through a grant under this section;*

*(B) an externally conducted analysis of the satisfaction of local educational agencies and principals with the teachers so provided; and*

*(C) comprehensive data on the background of the teachers chosen, the training the teachers received, the placement sites of the teachers, the professional development of the teachers, and the retention of the teachers.*

*(2) STUDY.—*

*(A) IN GENERAL.—From funds appropriated under subsection (f), the Secretary shall provide for a study that examines the achievement levels of the students taught by the teachers assisted under this section.*

*(B) ACHIEVEMENT GAINS COMPARED.—The study shall compare, within the same schools, the achievement gains made by students taught by teachers who are assisted under this section with the achievement gains made by students taught by teachers who are not assisted under this section.*

*(3) REQUIREMENTS.—The Secretary shall provide for such a study not less than once every 3 years, and each such study shall include multiple placement sites and multiple schools within placement sites.*

*(4) PEER REVIEW STANDARDS.—Each such study shall meet the peer review standards of the education research community.*

*(f) AUTHORIZATION OF APPROPRIATIONS.—*

*(1) IN GENERAL.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

*(2) LIMITATION.—The grantee shall not use more than 25 percent of Federal funds from any source for administrative costs.*

## *PART G—PATSY T. MINK FELLOWSHIP PROGRAM*

***SEC. 871. PATSY T. MINK FELLOWSHIP PROGRAM.***

*(a) PURPOSE.—*

*(1) IN GENERAL.—It is the purpose of this section to provide, through eligible institutions, a program of fellowship awards to assist highly qualified minorities and women to acquire the doctoral degree, or highest possible degree available, in academic areas in which such individuals are underrepresented for the purpose of enabling such individuals to enter the higher education professoriate.*

*(2) DESIGNATION.—Each recipient of a fellowship award from an eligible institution receiving a grant under this section shall be known as a "Patsy T. Mink Graduate Fellow".*

*(b) DEFINITIONS.—In this section, the term "eligible institution" means an institution of higher education, or a consortium of such institutions, that offers a program of postbaccalaureate study leading to a graduate degree.*

*(c) PROGRAM AUTHORIZED.—*

*(1) GRANTS BY SECRETARY.—*

*(A) IN GENERAL.—The Secretary shall award grants to eligible institutions to enable such institutions to make fellowship awards to individuals in accordance with the provisions of this section.*

*(B) PRIORITY CONSIDERATION.—In awarding grants under this section, the Secretary shall consider the eligible institution's prior experience in producing doctoral degree, or highest possible degree available, holders who are minorities and women, and shall give priority consideration in making grants under this section to those eligible institutions with a demonstrated record of producing minorities and women who have earned such degrees.*

*(2) APPLICATIONS.—*

*(A) IN GENERAL.—An eligible institution that desires a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.*

*(B) APPLICATIONS MADE ON BEHALF.—*

*(i) IN GENERAL.—The following entities may submit an application on behalf of an eligible institution:*

*(I) A graduate school or department of such institution.*

*(II) A graduate school or department of such institution in collaboration with an undergraduate college or university of such institution.*

*(III) An organizational unit within such institution that offers a program of postbaccalaureate study leading to a graduate degree, including an interdisciplinary or an interdepartmental program.*

*(IV) A nonprofit organization with a demonstrated record of helping minorities and women earn postbaccalaureate degrees.*

*(ii) NONPROFIT ORGANIZATIONS.—Nothing in this paragraph shall be construed to permit the Secretary to award a grant under this section to an entity other than an eligible institution.*

*(3) SELECTION OF APPLICATIONS.—In awarding grants under subsection (a), the Secretary shall—*

*(A) take into account—*

*(i) the number and distribution of minority and female faculty nationally;*

*(ii) the current and projected need for highly trained individuals in all areas of the higher education professoriate; and*

*(iii) the present and projected need for highly trained individuals in academic career fields in which minorities and women are underrepresented in the higher education professoriate; and*

*(B) consider the need to prepare a large number of minorities and women generally in academic career fields of high national priority, especially in areas in which such individuals are traditionally underrepresented in college and university faculties, such as mathematics, science, technology, and engineering.*

*(4) DISTRIBUTION AND AMOUNTS OF GRANTS.—*

*(A) EQUITABLE DISTRIBUTION.—In awarding grants under this section, the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among public and independent eligible institutions that apply for grants under this section and that demonstrate an ability to achieve the purpose of this section.*

*(B) SPECIAL RULE.—To the maximum extent practicable, the Secretary shall use not less than 30 percent of the amount appropriated pursuant to subsection (f) to award grants to eligible institutions that—*

*(i) are eligible for assistance under title III or title V; or*

*(ii) have formed a consortium that includes both non-minority serving institutions and minority serving institutions.*

*(C) ALLOCATION.—In awarding grants under this section, the Secretary shall allocate appropriate funds to those eligible institutions whose applications indicate an ability to significantly increase the numbers of minorities and women entering the higher education professoriate and that com-*

*mit institutional resources to the attainment of the purpose of this section.*

*(D) NUMBER OF FELLOWSHIP AWARDS.—An eligible institution that receives a grant under this section shall make not less than 15 fellowship awards.*

*(E) REALLOTMENT.—If the Secretary determines that an eligible institution awarded a grant under this section is unable to use all of the grant funds awarded to the institution, the Secretary shall reallot, on such date during each fiscal year as the Secretary may fix, the unused funds to other eligible institutions that demonstrate that such institutions can use any reallocated grant funds to make fellowship awards to individuals under this section.*

*(5) INSTITUTIONAL ALLOWANCE.—*

*(A) IN GENERAL.—*

*(i) NUMBER OF ALLOWANCES.—In awarding grants under this section, the Secretary shall pay to each eligible institution awarded a grant, for each individual awarded a fellowship by such institution under this section, an institutional allowance.*

*(ii) AMOUNT.—Except as provided in paragraph (3), an institutional allowance shall be in an amount equal to, for academic year 2006–2007 and succeeding academic years, the amount of institutional allowance made to an institution of higher education under section 715 for such academic year.*

*(B) USE OF FUNDS.—Institutional allowances may be expended in the discretion of the eligible institution and may be used to provide, except as prohibited under paragraph (4), academic support and career transition services for individuals awarded fellowships by such institution.*

*(C) REDUCTION.—The institutional allowance paid under paragraph (1) shall be reduced by the amount the eligible institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.*

*(D) USE FOR OVERHEAD PROHIBITED.—Funds made available under this section may not be used for general operational overhead of the academic department or institution receiving funds under this section.*

*(d) FELLOWSHIP RECIPIENTS.—*

*(1) AUTHORIZATION.—An eligible institution that receives a grant under this section shall use the grant funds to make fellowship awards to minorities and women who are enrolled at such institution in a doctoral degree, or highest possible degree available, program and—*

*(A) intend to pursue a career in instruction at—*

*(i) an institution of higher education (as the term is defined in section 101);*

*(ii) an institution of higher education (as the term is defined in section 102(a)(1));*

*(iii) an institution of higher education outside the United States (as the term is described in section 102(a)(2)); or*

*(iv) a proprietary institution of higher education (as the term is defined in section 102(b)); and*

*(B) sign an agreement with the Secretary agreeing—*

*(i) to begin employment at an institution described in paragraph (1) not later than 3 years after receiving the doctoral degree or highest possible degree available, which 3-year period may be extended by the Secretary for extraordinary circumstances; and*

*(ii) to be employed by such institution for 1 year for each year of fellowship assistance received under this section.*

*(2) FAILURE TO COMPLY.—If an individual who receives a fellowship award under this section fails to comply with the agreement signed pursuant to subsection (a)(2), then the Secretary shall do one or both of the following:*

*(A) Require the individual to repay all or the applicable portion of the total fellowship amount awarded to the individual by converting the balance due to a loan at the interest rate applicable to loans made under part B of title IV.*

*(B) Impose a fine or penalty in an amount to be determined by the Secretary.*

*(3) WAIVER AND MODIFICATION.—*

*(A) REGULATIONS.—The Secretary shall promulgate regulations setting forth criteria to be considered in granting a waiver for the service requirement under subsection (a)(2).*

*(B) CONTENT.—The criteria under paragraph (1) shall include whether compliance with the service requirement by the fellowship recipient would be—*

*(i) inequitable and represent an extraordinary hardship; or*

*(ii) deemed impossible because the individual is permanently and totally disabled at the time of the waiver request.*

*(4) AMOUNT OF FELLOWSHIP AWARDS.—Fellowship awards under this section shall consist of a stipend in an amount equal to the level of support provided to the National Science Foundation graduate fellows, except that such stipend shall be adjusted as necessary so as not to exceed the fellow's tuition and fees or demonstrated need (as determined by the institution of higher education where the graduate student is enrolled), whichever is greater.*

*(5) ACADEMIC PROGRESS REQUIRED.—An individual student shall not be eligible to receive a fellowship award—*

*(A) except during periods in which such student is enrolled, and such student is maintaining satisfactory academic progress in, and devoting essentially full time to, study or research in the pursuit of the degree for which the fellowship support was awarded; and*

*(B) if the student is engaged in gainful employment, other than part-time employment in teaching, research, or similar activity determined by the eligible institution to be consistent with and supportive of the student's progress toward the appropriate degree.*

*(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require an eligible institution that receives a grant under this section—*

*(1) to grant a preference or to differentially treat any applicant for a faculty position as a result of the institution's participation in the program under this section; or*

*(2) to hire a Patsy T. Mink Fellow who completes this program and seeks employment at such institution.*

*(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2006 for each of the 5 succeeding fiscal years.*

## *PART H—STUDY ON COLLEGE ENROLLMENT BY SECONDARY SCHOOLS*

***SEC. 881. STUDY ON COLLEGE ENROLLMENT BY SECONDARY SCHOOLS.***

*The Secretary shall contract with a not-for-profit organization, with demonstrated expertise in increasing college enrollment rates in low-income communities nationwide, to make publicly available year-to-year college enrollment rate trends by secondary schools, in full compliance with the Family Educational Rights and Privacy Act of 1974 (FERPA).*

* * * * * * *

## 20 U.S.C. 1078–10

## HISTORICAL AND STATUTORY NOTES

* * * * * * *

### Effective and Applicability Provisions

**2004 Acts.** Pub. L. 108–409, § 3(b)(3), Oct. 30, 2004, 118 Stat. 2301, provided that: "The amendments made by this subsection [amending subsec. (c)(3) of this section and 20 U.S.C.A. § 1087j] shall apply only with respect to eligible individuals who are new borrowers (as such term is defined in 103 of the Higher Education Act of 1965 (20 U.S.C. 1003)) on or after October 1, 1998**[**, and before October 1, 2005**]**."

# EDUCATION OF THE DEAF ACT OF 1986

* * * * * * *

# TITLE I—GALLAUDET UNIVERSITY; NATIONAL TECHNICAL INSTITUTE FOR THE DEAF*; OTHER PROGRAMS*

* * * * * * *

**SEC. 104. [ELEMENTARY AND SECONDARY EDUCATION PROGRAMS]** ***LAURENT CLERC NATIONAL DEAF EDUCATION CENTER.***

(a) GENERAL AUTHORITY.—(1)(A) The Board of Trustees of Gallaudet University is authorized, in accordance with the agreement under section 105, to maintain and operate *the Laurent Clerc National Deaf Education Center (referred to in this section as the*

*"Clerc Center") to carry out* exemplary elementary and secondary education programs, projects, and activities for the primary purpose of developing, evaluating, and disseminating innovative curricula, instructional techniques and strategies, and materials that can be used in various educational environments serving individuals who are deaf or hard of hearing throughout the Nation.

* * * * * * *

(b) ADMINISTRATIVE REQUIREMENTS.—(1) The ⟦elementary and secondary education programs⟧ *Clerc Center* shall—

(A) * * *

* * * * * * *

(2) To the extent possible, the ⟦elementary and secondary education programs⟧ *Clerc Center* shall provide the services required under paragraph (1)(B) in an equitable manner, based on the national distribution of students who are deaf or hard of hearing in educational environments as determined by the Secretary for purposes of section 618(a)(1)[1] of the Individuals with Disabilities Education Act. Such educational environments shall include—

(A) regular classes;

(B) resource rooms;

(C) separate classes;

(D) separate, public or private, nonresidential schools; and

(E) separate, public or private, residential schools and homebound or hospital environments.

* * * * * * *

(4) * * *

* * * * * * *

*(5) The University, for purposes of the elementary and secondary education programs carried out at the Clerc Center, shall—*

*(A)(i) select challenging academic content standards, challenging student academic achievement standards, and academic assessments of a State, adopted and implemented, as appropriate, pursuant to paragraphs (1) and (3) of section 1111(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(1) and (3)) and approved by the Secretary; and*

*(ii) implement such standards and assessments for such programs by not later than the beginning of the 2008–2009 academic year;*

*(B) annually determine whether such programs at the Clerc Center are making adequate yearly progress, as determined according to the definition of adequate yearly progress defined (pursuant to section 1111(b)(2)(C) of such Act (20 U.S.C. 6311(b)(2)(C))) by the State that has adopted and implemented the standards and assessments selected under subparagraph (A)(i); and*

*(C) publicly report the results of the academic assessments implemented under subparagraph (A) and whether the programs at the Clerc Center are making adequate yearly progress, as determined under subparagraph (B).*

* * * * * * *

**SEC. 105. AGREEMENT WITH GALLAUDET UNIVERSITY.**

(a) GENERAL AUTHORITY.— * * *

* * * * * * *

(b) PROVISIONS OF AGREEMENT.— * * *

* * * * * * *

(4) provide that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by Federal funds appropriated for the benefit of the Kendall Demonstration Elementary School or the Model Secondary School for the Deal will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with ❚the Act of March 3, 1931 (40 U.S.C. 276a–276a–5) commonly referred to as the Davis-Bacon Act❚ *subchapter IV of chapter 31 of title 40, United States Code, commonly referred to as the Davis-Bacon Act*; except that the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (5 U.S.C. App.) and ❚section 2 of the Act of June 13, 1934 (40 U.S.C. 276c❚ *section 3145 of title 40, United States Code*; and

* * * * * * *

**SEC. 112. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.**

(a) GENERAL AUTHORITY.—(1) The Secretary is authorized to establish or continue an agreement with ❚an institution of higher education❚ *the Rochester Institute of Technology, Rochester, New York* for the establishment and operation, including construction and equipment, ❚of a❚ *of the* National Technical Institute for the Deaf. ❚The Secretary, in considering proposals from institutions of higher education to enter into an agreement under this part, shall give preference to institutions which are located in metropolitan industrial areas❚.

*(2) Notwithstanding the requirement under paragraph (1), if the Secretary or the Rochester Institute of Technology terminates the agreement under paragraph (1), the Secretary shall consider proposals from other institutions of higher education and enter into an agreement with 1 of such institutions for the establishment and operation of a National Technical Institution for the Deaf.*

❚(2)❚ *(3)* * * *

* * * * * * *

(b) PROVISIONS OF AGREEMENT.— * * *

(1) * * *

* * * * * * *

(3) provide that the Board of Trustees or other governing body of the institution will prepare and submit to the Secretary, no later than June 1 following the fiscal year for which the report is submitted, an annual report containing an accounting of all indirect costs paid to the institution of higher education under the agreement with the Secretary, which accounting the Secretary shall transmit to the ❚Committee on Education and Labor of the House of Representatives and to

the Committee on Labor and Human Resources of the Senate] *Committee on Education and the Workforce of the House of Representatives and to the Committee on Health, Education, Labor, and Pensions of the Senate*, with such comments and recommendations as the Secretary may deem appropriate;

* * * * * * *

(5) provide that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by Federal funds appropriated for the benefit of NTID will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with [the Act of March 3, 1931 (40 U.S.C. 276a–276a–5) commonly referred to as the Davis-Bacon Act]; *subchapter IV of chapter 31 of title 40, United States Code, commonly referred to as the Davis-Bacon Act*; except that the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (5 U.S.C. App.) and [section 2 of the Act of June 13, 1934 (40 U.S.C. 276c] *section 3145 of title 40, United States Code*; and

* * * * * * *

## *PART C—OTHER PROGRAMS*

***SEC. 121. CULTURAL EXPERIENCES GRANTS.***

*(a) IN GENERAL.—The Secretary shall, on a competitive basis, make grants to, and enter into contracts and cooperative agreements with, eligible entities to support the activities described in subsection (b).*

*(b) ACTIVITIES.—In carrying out this section, the Secretary shall support activities providing cultural experiences, through appropriate nonprofit organizations with a demonstrated proficiency in providing such activities, that—*

*(1) enrich the lives of deaf and hard-of-hearing children and adults;*

*(2) increase public awareness and understanding of deafness and of the artistic and intellectual achievements of deaf and hard-of-hearing persons; or*

*(3) promote the integration of hearing, deaf, and hard-of-hearing persons through shared cultural, educational, and social experiences.*

*(c) APPLICATIONS.—An eligible entity that desires to receive a grant, or enter into a contract or cooperative agreement, under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.*

*(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2006 and each of the 5 succeeding fiscal years.*

* * * * * * *

**SEC. 203. AUDIT.**

(a) GENERAL ACCOUNTING OFFICE AUTHORITY.— * * *

* * * * * * *

(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. [The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses of all NTID funds, as determined by the Secretary.] *The institution of higher education that the Secretary has an agreement with under section 112 shall have an annual independent financial and compliance audit made of NTID programs and activities. The audit shall follow the cycle of the Federal fiscal year.*

(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with [sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through f, of section 207, and subsections (b) and (c) of section 210.] *sections 102(b), 105(b)(4), 112(b)(5), 203(c), 207(b)(2), subsections (c) through (f) of section 207, and subsections (b) and (c) of section 209.*

(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary *and the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate* within 15 days of acceptance of the audit by the University of the institution authorized to establish and operate the NTID under section 112(a), as the case may be, but not later than January 10 of each year.

(c) LIMITATIONS REGARDING EXPENDITURE OF FUNDS.—

(1) IN GENERAL.— * * *

* * * * * * *

(2) POLICIES.—

(A) Not later than 180 days after the date of enactment of the Education of the Deaf Act Amendments of 1992, the University and NTID shall develop policies, to be applied uniformly, for the allowability of expenditures for each institution. These policies should reflect the unique nature of these institutions. The principles established by the Office of Management and Budget for costs of educational institutions may be used as guidance in developing these policies. General principles relating to allowability and reasonableness of all costs associated with the operations of the institutions shall be addressed. These policies shall be submitted to the Secretary for review and comments, and to the [Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *Committee on Education and the Workforce of the House of Representatives and the Com-*

*mittee on Health, Education, Labor, and Pensions of the Senate.*

* * * * * * *

**SEC. 204. REPORTS.**

The board of Trustees of Gallaudet University and the Board of Trustees or other governing body of the institution of higher education with which the Secretary has an agreement under section 112 shall prepare and submit an annual report to the Secretary, and to the [Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate*, not later than 100 days after the end of each fiscal year, which shall include the following:

(1) The number of students during the preceding academic year who enrolled and whether these were first-time enrollments, who graduated, who found employment, or who left without completing a program of study, reported under each of the programs of the University (elementary, secondary, [preparatory,] undergraduate, and graduate) and of NTID.

(2) For the preceding academic year, and to the extent possible, the following data on individuals who are deaf and from minority backgrounds and who are students (at all educational levels) or employees:

(A) * * *

* * * * * * *

(C) The disposition of these students [upon graduation/completion] *on the date that is 1 year after the date of graduation or completion* of programs at NTID and at the University and its elementary and secondary schools in comparison to students from non-minority backgrounds.

* * * * * * *

(3)(A) A summary of the annual audited financial statements and auditor's report of the University, as required under section 203, and (B) a summary of the annual audited financial statements and auditor's report [of the institution of higher education with which the Secretary has an agreement under section 112, including specific schedules and analyses for all NTID funds, as required under section 203, and such supplementary schedules presenting financial information for NTID for the end of the Federal fiscal year as determined by the Secretary.] *of NTID programs and activities.*

* * * * * * *

**SEC. 205. MONITORING, EVALUATION, AND REPORTING.**

(a) ACTIVITIES.— * * *

(b) REPORT.—[The Secretary, as part of the annual report required under section 426 of the Department of Education Organization Act, shall include a description of] *The Secretary shall annually transmit information to Congress on* the monitoring and evaluation activities pursuant to subsection (a), together with such recommendations, including recommendations for legislation, as the Secretary may consider necessary.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2010* to carry out the monitoring and evaluation activities authorized under this section.

* * * * * * *

**SEC. 206. LIAISON FOR EDUCATION PROGRAMS.**

(a) DESIGNATION OF LIAISON.—[Not later than 30 days after the date of enactment of this act, the] *The* Secretary shall designate an individual in the Office of Special Education and Rehabilitative Services of the Department of Education from among individuals who have experience in the education of individuals who are deaf to serve as liaison between the Department and Gallaudet University, the National Technical Institute for the Deaf, and other post-secondary educational programs for individuals who are deaf under the Individuals with Disabilities Education Act, the Rehabilitation Act of 1973, and other Federal or non-Federal agencies, institutions, or organizations involved with the education or rehabilitation of individuals who are deaf or hard of hearing.

* * * * * * *

**SEC. 207. FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.**

(a) ESTABLISHMENT OF PROGRAMS.— * * *

* * * * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) In the case of the University, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the [fiscal years 1998 through2003] *fiscal years 2006 through 2010.*

(2) In the case of NTID, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2010.*

* * * * * * *

**SEC. 208. OVERSIGHT AND EFFECT OF AGREEMENTS.**

(a) OVERSIGHT ACTIVITIES.—Nothing in this Act shall be construed to diminish the oversight activities of the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate* with respect to any agreement entered into between the Secretary of Education and Gallaudet University, and the institution of higher education with which the Secretary has an agreement under part B of title I.

* * * * * * *

**SEC. 209. INTERNATIONAL STUDENTS.**

(a) ENROLLMENT.—[Effective with]

*(1) IN GENERAL.—Except as provided in paragraph (2), effective with* new admissions for academic year 1993–1994 and

each succeeding academic year, the University (including [preparatory, undergraduate,] *undergraduate* and graduate students) and NTID shall limit the enrollment of international students to approximately 15 percent of the total postsecondary student population enrolled respectively at the University or NTID, except that in any school year no United States citizen who is qualified to be admitted to the University or NTID and applies for admission to the University or NTID shall be denied admission because of the admission of an international student.

*(2) DISTANCE LEARNING.—International students who participate in distance learning courses that are at NTID or the University and who are residing outside of the United States shall—*

*(A) not be counted as international students for purposes of the cap on international students under paragraph (1), except that in any school year no United States citizen who applies to participate in distance learning courses that are at the University or NTID shall be denied participation in such courses because of the participation of an international student in such courses; and*

*(B) not be charged a tuition surcharge, as described in subsection (b).*

[(b) TUITION SURCHARGE.—Effective with new admissions, the tuition for postsecondary international students enrolled in the University (including preparatory, undergraduate, and graduate students) or NTID shall include a surcharge of 100 percent for the academic year 1999–2000 and any succeeding academic year.

[(c) REDUCTION OF SURCHARGE.—Beginning with the academic year 1993–1994, the University or NTID may reduce the surcharge under subsection (b) to 50 percent if—

[(1) a student described under subsection (b) is from a developing country;

[(2) such student is unable to pay the tuition surcharge under subsection (b); and

[(3) such student has made a good faith effort to secure aid through such student's government or other sources.

[(d) DEFINITION.—For purposes of subsection (c), the term "developing country" means a country that has a 1990 per capita income not in excess of $4,000 in 1990 United States dollars.]

*(b) TUITION SURCHARGE.—Except as provided in subsections (a)(2)(B) and (c), the tuition for postsecondary international students enrolled in the University (including undergraduate and graduate students) or NTID shall include, for academic year 2007–2008 and any succeeding academic year, a surcharge of—*

*(1) 100 percent for a postsecondary international student from a non-developing country; and*

*(2) 50 percent for a postsecondary international student from a developing country.*

*(c) REDUCTION OF SURCHARGE.—*

*(1) IN GENERAL.—Beginning with the academic year 2007–2008, the University or NTID may reduce the surcharge—*

*(A) under subsection (b)(1) to 50 percent if—*

*(i) a student described under subsection (b)(1) demonstrates need; and*

*(ii) such student has made a good faith effort to secure aid through such student's government or other sources; and*

*(B) under subsection (b)(2) to 25 percent if—*

*(i) a student described under subsection (b)(2) demonstrates need; and*

*(ii) such student has made a good faith effort to secure aid through such student's government or other sources.*

*(2) DEVELOPMENT OF SLIDING SCALE.—The University and NTID shall develop a sliding scale model that—*

*(A) will be used to determine the amount of a tuition surcharge reduction pursuant to paragraph (1); and*

*(B) shall be approved by the Secretary.*

*(d) DEFINITION.—In this section, the term 'developing country' means a country with a per-capita income of not more than $4,825, measured in 1999 United States dollars, as adjusted by the Secretary to reflect inflation since 1999.*

* * * * * * *

**SEC. 210. RESEARCH PRIORITIES.**

(a) RESEARCH PRIORITIES.— * * *

(b) RESEARCH REPORTS.—The University and NTID shall each prepare and submit an annual research report, to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the [Committee on Labor and Human Resources of the Senate] *Committee on Health, Education, Labor, and Pensions of the Senate*, not later than January 10 of each year, that shall include—

(1) * * *

* * * * * * *

**SEC. 212. AUTHORIZATION OF APPROPRIATIONS.**

(a) GALLUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011* to carry out the provisions of title I and this title, relating to—

(1) Gallaudet University;

(2) Kendall Demonstration Elementary School; and

(3) the Model Secondary School for the Deaf.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011* to carry out the provisions of title I and this title relating to the National Technical Institute for the Deaf.

* * * * * * *

# UNITED STATES INSTITUTE OF PEACE ACT

* * * * * * *

## 22 U.S.C. 4604. Powers and duties

(a) * * *

* * * * * * *

(b) DESCRIPTION OF SPECIFIC ACTIVITIES.—The Institute, acting through the Board, may—

(1) * * *

* * * * * * *

(3) establish a Jeannette Rankin Research Program on Peace to conduct research and make studies, particularly of an interdisciplinary or of a multidisciplinary nature, into the causes of war and other international conflicts and the elements of peace among the nations and peoples of the world, including peace theories, methods, techniques, programs, and systems, and into the experiences of the United States and other nations in resolving conflicts with justice and dignity and without violence as they pertain to the advancement of international peace and conflict resolution, placing particular emphasis on realistic approaches to past successes and failures in the quest for peace and arms control and utilizing to the maximum extent possible United States Government documents and classified materials from the Department of State, the Department of Defense, [the Arms Control and Disarmament Agency,] and the intelligence community;

* * * * * * *

## 22 U.S.C. 4605. Board of Directors

(a) VESTED POWERS.— * * *

(d) QUALIFICATIONS.—

(1) Each individual appointed to the Board under subsection [(b)(5)] *(b)(4)* of this section shall have appropriate practical or academic experience in peace and conflict resolution efforts of the United States.

(2) Officers and employees of the United States Government may not be appointed to the Board under subsection [(b)(5)] *(b)(4)* of this section.

(e) TERM OF OFFICE: COMMENCEMENT AND TERMINATION, INTERIM AND REMAINDER SERVICE, LIMITATION.—

(1) Members of the Board appointed under subsection [(b)(5)] *(b)(4)* of this section shall be appointed to four year terms, except that

(A) the term of six of the members initially appointed shall be two years, as designated by the President at the time of their nomination;

(B) a member may continue to serve until his or her successor is appointed; and

(C) a member appointed to replace a member whose term has not expired shall be appointed to serve the remainder of that term.

(2) The terms of the members of the Board initially appointed under subsection [(b)(5)] *(b)(4)* of this section shall begin on January 20, 1985, and subsequent terms shall begin upon the expiration of the preceding term, regardless of when a member is appointed to fill that term.

(3) The President may not nominate an individual for appointment to the Board under subsection [(b)(5)] *(b)(4)* of this section prior to January 20, 1985, but shall submit the names of eleven nominees for initial Board membership under sub-

section [(b)(5)] *(b)(4)* of this section not later than ninety days after that date. If the Senate rejects such a nomination or if such a nomination is withdrawn, the President shall submit the name of a new nominee within fifteen days.

(4) An individual appointed as a member of the Board under subsection [(b)(5)] *(b)(4)* of this section may not be appointed to more than two terms on the Board.

*(5) The term of a member of the Board shall not commence until the member is confirmed by the Senate and sworn in as a member of the Board.*

(f) REMOVAL FROM OFFICE.—A member of the Board appointed under subsection [(b)(5)] *(b)(4)* of this section may be removed by the President—

(1) * * *

* * * * * * *

(h) MEETINGS; CHAIRMAN; VICE CHAIRMAN; QUORUM; NOTICE IN FEDERAL REGISTER; CLOSURE.—Meetings of the Board shall be conducted as follows:

(1) The President shall stipulate by name the nominee who shall be the first Chairman of the Board. The first Chairman shall serve for a term of three years. Thereafter, the Board shall elect a Chairman every three years from among the directors appointed by the President under subsection [(b)(5)] *(b)(4)* of this section and may elect a Vice Chairman if so provided by the Institute's bylaws.

* * * * * * *

(i) COMPENSATION.—A director appointed by the President under subsection [(b)(5)] *(b)(4)* of this section shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule under section 5332 of title 5 for each day during which the director is engaged in the performance of duties as a member of the Board.

* * * * * * *

### 22 U.S.C. 4609. Funding

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.— * * *

* * * * * * *

(c) CONTRACTUAL AUTHORITY.— * * *

*(d) EXTENSION.—Any authorization of appropriations made for the purposes of carrying out this title shall be extended in the same manner as applicable programs are extended under section 422 of the General Education Provisions Act.*

* * * * * * *

## HIGHER EDUCATION AMENDMENTS OF 1998

* * * * * * *

## PART D—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

**SEC. 821. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.**

(a) FINDINGS.— * * *

* * * * * * *

(b) DEFINITION.—For purposes of this part, the term "youth offender" means a male or female offender under the age of [25] *35*, who is incarcerated in a State prison, including a prerelease facility.

* * * * * * *

# TRIBALLY CONTROLLED COLLEGE OR UNIVERSITY ASSISTANCE ACT OF 1978

DEFINITIONS

SEC. 2. (a) For purposes of this Act, the term—

(1) * * *

* * * * * * *

(6) "national Indian organization" means an organization which the Secretary finds is nationally based, represents a substantial Indian constituency, and has expertise [in the field of Indian education] *in the fields of tribally controlled colleges and universities and Indian higher education*;

*(7) "Indian student" means a student who is—*

*(A) a member of an Indian tribe; or*

*(B) a biological child of a member of an Indian tribe, living or deceased;*

[(7)] *(8)* * * *

[(8)] *(9)* * * *

(b) The following conditions shall apply for the purpose of determining the Indian student count pursuant to paragraph (7) of subsection (a):

(1) * * *

* * * * * * *

[(5) Credits earned in a continuing education program shall be converted to a credit-hour basis in accordance with the tribally controlled college or university's system for providing credit for participation in such program.]

*(5) DETERMINATION OF CREDITS.—Eligible credits earned in a continuing education program—*

*(A) shall be determined as 1 credit for every 10 contact hours in the case of an institution on a quarter system, or 15 contact hours in the case of an institution on a semester system, of participation in an organized continuing education experience under responsible sponsorship, capable direction, and qualified instruction, as described in the criteria established by the International Association for Continuing Education and Training; and*

*(B) shall be limited to 10 percent of the Indian student count of a tribally controlled college or university.*

* * * * * * *

ELIGIBLE GRANT RECIPIENTS

SEC. 103. To be eligible for assistance under this title, a tribally controlled college or university must be one which—

(1) is governed by a board of directors or board of trustees a majority of which are Indians;

(2) demonstrates adherence to stated goals, a philosophy, or a plan of operation which is directed to meet the needs of Indians; [and]

(3) if in operation for more than one year, has students a majority of whom are Indians[.] *; and*

*(4)(A) is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority with regard to the quality of training offered; or*

*(B) is, according to such an agency or association, making reasonable progress toward accreditation.*

* * * * * * *

TECHNICAL ASSISTANCE CONTRACTS

SEC. 105. The Secretary shall provide, upon request from a tribally controlled college or university which is receiving funds under section 108, technical assistance either directly or through contract. [In the awarding of contracts for technical assistance, preference shall be given] *The Secretary shall direct that contracts for technical assistance be awarded* to an organization designated by the tribally controlled college or university to be assisted. No authority to enter into contracts provided by this section shall be effective except to the extent authorized in advance by appropriations Acts.

* * * * * * *

APPROPRIATION AUTHORIZATION

SEC. 110. (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, $3,200,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4 succeeding] *5 succeeding* fiscal years.

(2) There is authorized to be appropriated for the purpose of carrying out section 107, [$40,000,000] *such sums as may be necessary* for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4 succeeding] *5 succeeding* fiscal years.

(3) There is authorized to be appropriated for the purpose of carrying out sections 112(b) and 113, [$10,000,000] *such sums as may be necessary* for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4 succeeding] *5 Succeeding* fiscal years.

(4) Funds appropriated pursuant to the authorizations under this section for the fiscal year [1999] *2006* and for each of the [succeeding 4] *5 succeeding* fiscal years shall be transferred by the Secretary of the Treasury through the most expeditious method avail-

able, with each of the tribally controlled colleges or universities being designated as its own certifying agency.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. (1) There are authorized to be appropriated to carry out the provisions of this title, $10,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4 succeeding] *5 succeeding* fiscal years.

* * * * * * *

**SEC. 403. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated for grants under this title, [$2,000,000 for fiscal year 1999] *such sums as may be necessary for fiscal year 2006* and such sums as may be necessary for each of the [4 succeeding] *5 succeeding* fiscal years.

* * * * * * *

# NAVAJO COMMUNITY COLLEGE ACT

* * * * * * *

PURPOSE

SEC. 2. It is the purpose of this Act to assist the [Navajo Tribe of Indians] *Navajo Nation* in providing education to the members of the tribe and other qualified applicants through a community college, established by that tribe, known as [the Navajo Community College] *Diné College*.

GRANTS

SEC. 3. The Secretary of *the* Interior is authorized to make grants to the [Navajo Tribe of Indians] *Navajo Nation* to assist the tribe in the construction, maintenance, and operation of [the Navajo Community College] *Diné College*. Such college shall be designed and operated by the [Navajo Tribe] *Navajo Nation* to insure that the [Navajo Indians] *Navajo people* and other qualified applicants have educational opportunities which are suited to their unique needs and interests.

STUDY OF FACILITIES NEEDS

SEC. 4. (a) The Secretary shall conduct a detailed survey and study of the academic facilities needs of [the Navajo Community College] *Diné College*, and shall report to the Congress not later than [August 1, 1979] *October 31, 2009*, the results of such survey and study. Such report shall include any recommendations or views submitted by the governing body of such College and by the governing body of the [Navajo Tribe] *Navajo Nation*, and shall include detailed recommendations by the Secretary as to the number, type, and cost of academic facilities which are required, ranking each such required facility by relative need.

(b) Funds to carry out the purposes of this section may be drawn from general administrative appropriations to the Secretary made

after [the date of enactment of the Tribally Controlled Community College Assistance Act of 1978] *October 1, 2006.*

(c) No later than March 1991, an inventory prepared by [the Navajo Community College] *Diné College* identifying repairs, alterations, and renovations to facilities required to meet health and safety standards shall be submitted to the Secretary and appropriate committees of Congress. Within 60 days following the receipt of such inventory, the Secretary shall review the inventory, evaluating the needs identified, and transmit the written comments of the Department of the Interior to the appropriate committees of Congress, together with the Department's evaluation prepared by the health and safety division of the Bureau of Indian Affairs.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. (a)(1) For the purpose of making construction grants under this Act, there are authorized to be appropriated [$2,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.] *such sums as are necessary for fiscal years 2006 through 2011.*

(2) * * *

*(3) Sums described in paragraph (2) shall be used to provide grants for construction activities, including the construction of buildings, water and sewer facilities, roads, information technology and telecommunications infrastructure, classrooms, and external structures (such as walkways).*

(b)(1) There are authorized to be appropriated for grants to [the Navajo Community College] *Diné College*[, for each fiscal year, an amount necessary to pay expenses incurred for—] *such sums as are necessary for fiscal years 2006 through 2011 to pay the cost of—*

(A) the maintenance and operation of the [college] *College*, including—

(i) basic, special, developmental, vocational, technical, and special handicapped education costs[,]*;*

(ii) annual capital expenditures, including equipment needs, minor capital improvements and remodeling projects, physical plant maintenance and operation costs, and exceptions and supplemental need account[, and]*; and*

(iii) summer and special interest programs[,]*;*

(B) major capital improvements, including internal capital outlay funds and capital improvement projects[,]*;*

(C) mandatory payments, including payments due on bonds, loans, notes, or lease purchases[, and]*;*

(D) supplemental student services, including student housing, food service, and the provision of access to books and services[.]*; and*

*(E) improving and expanding the College, including by providing, for the Navajo people and others in the community of the College—*

*(i) higher education programs;*

*(ii) vocational and technical education;*

*(iii) activities relating to the preservation and protection of the Navajo language, philosophy, and culture;*

*(iv) employment and training opportunities;*
*(v) economic development and community outreach; and*
*(vi) a safe learning, working, and living environment.*

* * * * * * *

(c) The Secretary of the Interior is authorized and directed to establish by rule procedures to insure that all funds appropriated under this Act are properly identified for grants to [the Navajo Community College] *Diné College* and that such funds are not commingled with appropriations historically expended by the Bureau of Indian Affairs for programs and projects normally provided on the Navajo Reservation for Navajo beneficiaries.

* * * * * * *

EFFECT ON OTHER LAWS

SEC. 6. (a) Except as specifically provided by law, eligibility for assistance under this Act shall not, by itself, preclude the eligibility of [the Navajo Community College] *Diné College* to receive Federal financial assistance under any program authorized under the Higher Education Act of 1965 or any other applicable program for the benefit of institutions of higher education, community colleges, or postsecondary educational institutions.

(b) Notwithstanding any other provision of law, funds provided under this Act to [the Navajo Community College] *Diné College* may be treated as non-Federal, private funds of the College for purposes of any provision of Federal law which requires that non-Federal or private funds of the [college] *College* be used in a project or for a specific purpose.

* * * * * * *

PAYMENTS; INTEREST

SEC. 7. (a) Notwithstanding any other provision of law, the Secretary of the Interior shall not, in disbursing funds provided under this Act, use any method of payment which was not used during fiscal year 1987 in the disbursement of funds provided under this Act.

(b)(1)(A) Notwithstanding any provision of law other than subparagraph (B), any interest or investment income that accrues on any funds provided under this Act after such funds are paid to [the Navajo Community College] *Diné College* and before such funds are expended for the purpose for which such funds were provided under this Act shall be the property of [the Navajo Community College] *Diné College* and shall not be taken into account by any officer or employee of the Federal Government in determining whether to provide assistance, or the amount of assistance, to [the Navajo Community College] *Diné College* under any provision of Federal law.

(B) All interest or investment income described in subparagraph (A) shall be expended by [the Navajo Community College] *Diné College* by no later than the close of the fiscal year succeeding the fiscal year in which such interest or investment income accrues.

(2) Funds provided under this Act may only be invested by [the Navajo Community College] *Diné College* in obligations of the

United States or in obligations or securities that are guaranteed or insured by the United States.

* * * * * * *

# PUBLIC LAW 108–409

# TAXPAYER-TEACHER PROTECTION ACT OF 2004

* * * * * * *

**SEC. 2. REDUCTION OF SPECIAL ALLOWANCE PAYMENTS FOR LOANS FROM THE PROCEEDS OF TAX EXEMPT ISSUES.**

Section 438(b)(2)(B) *of the Higher Education Act of 1965* (20 U.S.C. 1087–1(b)(2)(B)) is amended—

(1) * * *

* * * * * * *

○