

Calendar No. 269

110TH CONGRESS
1ST SESSION**H. R. 2669**

IN THE SENATE OF THE UNITED STATES

JULY 16, 2007

Received; read twice and placed on the calendar

AN ACT

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “College Cost Reduction
5 Act of 2007”.

6 **SEC. 2. REFERENCES; EFFECTIVE DATE.**

7 (a) REFERENCES.—Except as otherwise expressly
8 provided, whenever in this Act an amendment or repeal
9 is expressed in terms of an amendment to, or repeal of,
10 a section or other provision, the reference shall be consid-

1 ered to be made to a section or other provision of the
 2 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

3 (b) EFFECTIVE DATE.—Except as otherwise ex-
 4 pressly provided therein, the amendments made by this
 5 Act shall be effective on October 1, 2007.

6 **TITLE I—INVESTING IN** 7 **STUDENT AID**

8 **PART A—INCREASING THE PURCHASING POWER** 9 **OF PELL GRANTS**

10 **SEC. 101. MANDATORY PELL GRANT INCREASES.**

11 (a) EXTENSION OF AUTHORITY.—Section 401(a) (20
 12 U.S.C. 1070a(a)) is amended by striking “fiscal year
 13 2004” and inserting “fiscal year 2013”.

14 (b) FUNDING FOR INCREASES.—Section 401(b) (20
 15 U.S.C. 1070a(b)) is amended by adding at the end the
 16 following new paragraph:

17 “(9) ADDITIONAL FUNDS.—

18 “(A) IN GENERAL.—There are authorized
 19 to be appropriated, and there are appropriated,
 20 to carry out subparagraph (B) of this para-
 21 graph (in addition to any other amounts appro-
 22 priated to carry out this section and out of any
 23 money in the Treasury not otherwise appro-
 24 priated) the following amounts:

1 “(i) \$840,000,000 for fiscal year
2 2008;

3 “(ii) \$870,000,000 for fiscal year
4 2009;

5 “(iii) \$1,340,000,000 for fiscal year
6 2010;

7 “(iv) \$2,280,000,000 for fiscal year
8 2011;

9 “(v) \$2,350,000,000 for fiscal year
10 2012;

11 “(vi) \$2,400,000,000 for fiscal year
12 2013;

13 “(vii) \$2,450,000,000 for fiscal year
14 2014;

15 “(viii) \$2,510,000,000 for fiscal year
16 2015;

17 “(ix) \$2,550,000,000 for fiscal year
18 2016; and

19 “(x) \$2,570,000,000 for fiscal year
20 2017.

21 “(B) INCREASE IN FEDERAL PELL
22 GRANTS.—The amounts made available pursu-
23 ant to subparagraph (A) of this paragraph shall
24 be used to increase the amount of the maximum
25 Pell Grant for which a student shall be eligible

during an award year, as specified in the last enacted appropriation Act applicable to that award year, by—

“(i) \$200 for each of the award years 2008–2009 and 2009–2010;

“(ii) \$300 for award year 2010–2011; and

“(iii) \$500 for award year 2011–2012 and each subsequent award year.

“(C) USE OF FISCAL YEAR FUNDS FOR AWARD YEARS.—The amounts made available by subparagraph (A) for any fiscal year shall be available and remain available for use under subparagraph (B) for the award year that begins in such fiscal year.”.

(c) AUTHORIZED MAXIMUMS.—Section 401(b)(2)(A) (20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

“(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be—

“(i) \$7,600 for academic year 2008–2009;

“(ii) \$8,600 for academic year 2009–2010;

“(iii) \$9,600 for academic year 2010–2011;

“(iv) \$10,600 for academic year 2011–2012;

and

“(v) \$11,600 for academic year 2012–2013,

1 less an amount equal to the amount determined to
2 be the expected family contribution with respect to
3 that student for that year.”.

4 (d) TUITION SENSITIVITY.—

5 (1) AMENDMENT.—Section 401(b) (20 U.S.C.
6 1070a(b)) is further amended—

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

8 (B) by redesignating paragraphs (4)
9 through (9) as paragraphs (3) through (8), re-
10 spectively.

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) of this subsection are effective on
13 the date of enactment of this Act.

14 (3) APPROPRIATION.—There shall be available
15 to the Secretary, from funds not otherwise appro-
16 priated, \$5,000,000 for the period beginning on the
17 date of enactment of this Act and ending on October
18 1, 2008, to carry out the amendments made by
19 paragraph (1) of this subsection.

20 (e) MULTIPLE GRANTS.—

21 (1) AMENDMENT.—Paragraph (5) of section
22 401(b) (as redesignated by subsection (d)(1)(B)) is
23 amended to read as follows:

24 “(5) YEAR-ROUND PELL GRANTS.—The Sec-
25 retary is authorized, for students enrolled in a bac-

1 calaureate degree, associate’s degree, or certificate
 2 program of study at an eligible institution, to award
 3 such students not more than two Pell grants during
 4 an award year to permit such students to accelerate
 5 progress toward their degree or certificate objectives
 6 by enrolling in courses for more than 2 semesters,
 7 or 3 quarters, or the equivalent, in a given academic
 8 year.”.

9 (2) EFFECTIVE DATE.—The amendment made
 10 by paragraph (1) shall be effective July 1, 2009.

11 (f) ACADEMIC COMPETITIVENESS GRANTS.—Section
 12 401A (as amended by section 8003 of Public Law 109–
 13 171) is amended—

14 (1) in subsection (c)(3)(A)(ii), by inserting “,
 15 except as part of a secondary school program of
 16 study” before the semicolon;

17 (2) by redesignating subsection (g) as sub-
 18 section (h); and

19 (3) by inserting after subsection (f) the fol-
 20 lowing new subsection:

21 “(g) DETERMINATION OF ACADEMIC YEAR.—Not-
 22 withstanding section 481(a)(2), for the purpose of deter-
 23 mining eligibility for a grant under this section, a student
 24 shall be considered to be enrolled or accepted for enroll-
 25 ment in the first, second, third, or fourth academic year

1 of a program of undergraduate education based on the
 2 student's class standing, as determined by the institution
 3 of higher education at which the student is enrolled or ac-
 4 cepted for enrollment.”.

5 (g) ELIGIBILITY FOR ACADEMIC COMPETITIVENESS
 6 GRANTS.—Section 401A is further amended—

7 (1) in subsection (c)—

8 (A) by striking “full-time”; and

9 (B) by amending paragraph (1) to read as
 10 follows:

11 “(1) is an eligible student under section 484,
 12 including being enrolled or accepted for enrollment
 13 in a degree, certificate, or other eligible program
 14 leading to a recognized educational credential at an
 15 institution of higher education;”; and

16 (2) in subsection (d), by adding at the end the
 17 following new paragraph:

18 “(3) ADJUSTMENT FOR LESS THAN FULL-TIME
 19 ENROLLMENT.—A grant awarded under this section
 20 to an eligible student who attends an eligible institu-
 21 tion on a less than full-time (but at least half-time
 22 or more) basis shall be reduced in the same propor-
 23 tion as would a Federal Pell Grant pursuant to sec-
 24 tion 401(b)(2)(B).”.

1 **SEC. 102. SUPPORT FOR WORKING STUDENTS.**

2 (a) **DEPENDENT STUDENTS.**—Subparagraph (D) of
 3 section 475(g)(2) (20 U.S.C. 1087oo)(g)(2)(D)) is amend-
 4 ed to read as follows:

5 “(D) an income protection allowance of
 6 \$3,750 (or a successor amount prescribed by
 7 the Secretary under section 478);”.

8 (b) **INDEPENDENT STUDENTS WITHOUT DEPEND-**
 9 **ENTS OTHER THAN A SPOUSE.**—Clause (iv) of section
 10 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended
 11 to read as follows:

12 “(iv) an income protection allowance
 13 of the following amount (or a successor
 14 amount prescribed by the Secretary under
 15 section 478)—

16 “(I) for single or separated stu-
 17 dents, or married students where both
 18 are enrolled pursuant to subsection
 19 (a)(2), \$6,690; and

20 “(II) for married students where
 21 1 is enrolled pursuant to subsection
 22 (a)(2), \$10,720;”.

23 (c) **UPDATED TABLES AND AMOUNTS.**—Section
 24 478(b) (20 U.S.C. 1087rr(b)) is amended—

25 (1) in paragraph (1)—

1 (A) by striking “REVISED TABLES.—For
2 each” and inserting “REVISED TABLES.—

3 “(A) IN GENERAL.—For each”;

4 (B) in subparagraph (A) (as designated by
5 subparagraph (A)), in the third sentence—

6 (i) by striking “preceding sentence”
7 and inserting “subparagraph (A)”; and

8 (ii) by striking “For the 2007–2008”
9 and inserting the following:

10 “(B) SPECIAL RULE FOR 2007–2008 ACA-
11 DEMIC YEAR.—For the 2007–2008”; and

12 (C) by adding at the end the following:

13 “(C) SPECIAL RULE FOR 2009–2010
14 THROUGH 2012–2013 ACADEMIC YEARS.—For
15 the 2009–2010 academic year, and for each of
16 the 3 succeeding academic years, the Secretary
17 shall revise the tables in accordance with this
18 paragraph, except that, for the table in section
19 477(b)(4), the Secretary shall revise such table
20 by increasing the amounts contained in such
21 table for the preceding academic year by 10
22 percent.”; and

23 (2) in paragraph (2), by striking “shall be de-
24 veloped” and all that follows through the period at
25 the end and inserting “shall be developed—

1 “(A) for academic year 2008–2009, by in-
2 creasing each of the dollar amounts contained
3 in such section as such section was in effect on
4 the day before the date of enactment of the Col-
5 lege Cost Reduction Act of 2007 by a percent-
6 age equal to the estimated percentage increase
7 in the Consumer Price Index (as defined in sec-
8 tion 478(f)) between December 2006 and the
9 December next preceding the beginning of such
10 academic year, and rounding the result to the
11 nearest \$10;

12 “(B) for each of the academic years 2010–
13 2011 and 2011–2012, by increasing each of the
14 amounts determined under this paragraph for
15 the preceding academic year by 10 percent; and

16 “(C) for each academic year after 2012–
17 2013, by increasing each of the dollar amounts
18 determined under this paragraph for academic
19 year 2012–2013 by a percentage equal to the
20 estimated percentage increase in the Consumer
21 Price Index (as defined in section 478(f)) be-
22 tween December 2011 and the December next
23 preceding the beginning of such academic year,
24 and rounding the result to the nearest \$10.”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 subsections (a) and (b) shall take effect on July 1, 2009,
 3 and the amendment made by subsection (c) shall take ef-
 4 fect on July 1, 2008.

5 **SEC. 103. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO**
 6 **IMPROVEMENTS.**

7 (a) SIMPLIFIED NEEDS TEST.—Section 479 (20
 8 U.S.C. 1087ss) is amended—

9 (1) in subsection (b)—

10 (A) in paragraph (1)(A)(i)—

11 (i) in subclause (II), by striking “or”
 12 after the semicolon;

13 (ii) by redesignating subclause (III) as
 14 subclause (IV);

15 (iii) by inserting after subclause (II)
 16 the following:

17 “(III) 1 of whom is a dislocated
 18 worker; or”; and

19 (iv) in subclause (IV) (as redesignated
 20 by clause (ii)), by striking “12-month” and
 21 inserting “24-month”; and

22 (B) in paragraph (1)(B)(i)—

23 (i) in subclause (II), by striking “or”
 24 after the semicolon;

1 (ii) by redesignating subclause (III) as
2 subclause (IV);

3 (iii) by inserting after subclause (II)
4 the following:

5 “(III) 1 of whom is a dislocated
6 worker; or”; and

7 (iv) in subclause (IV) (as redesignated
8 by clause (ii)), by striking “12-month” and
9 inserting “24-month”;

10 (2) in subsection (c)—

11 (A) in paragraph (1)—

12 (i) in subparagraph (A)—

13 (I) in clause (ii), by striking “or”
14 after the semicolon;

15 (II) by redesignating clause (iii)
16 as clause (iv);

17 (III) by inserting after clause (ii)
18 the following:

19 “(iii) 1 of whom is a dislocated work-
20 er; or”; and

21 (IV) in clause (iv) (as redesign-
22 ated by subclause (II)), by striking
23 “12-month” and inserting “24-
24 month”; and

1 (ii) in subparagraph (B), by striking
2 “\$20,000” and inserting “\$30,000”; and
3 (B) in paragraph (2)—
4 (i) in subparagraph (A)—
5 (I) in clause (ii), by striking “or”
6 after the semicolon;
7 (II) by redesignating clause (iii)
8 as clause (iv);
9 (III) by inserting after clause (ii)
10 the following:
11 “(iii) is a dislocated worker; or”; and
12 (IV) in clause (iv) (as redesign-
13 nated by subclause (II)), by striking
14 “12-month” and inserting “24-
15 month”; and
16 (ii) in subparagraph (B), by striking
17 “\$20,000” and inserting “\$30,000”; and
18 (C) in the flush matter following para-
19 graph (2)(B), by adding at the end the fol-
20 lowing: “The Secretary shall annually adjust
21 the income level necessary to qualify an appli-
22 cant for the zero expected family contribution.
23 The income level shall be adjusted according to
24 increases in the Consumer Price Index, as de-
25 fined in section 478(f).”; and

1 (3) in subsection (d)—

2 (A) by redesignating paragraphs (1)
3 through (6) as subparagraphs (A) through (F),
4 respectively and moving the margins of such
5 subparagraphs 2 ems to the right;

6 (B) by striking “(d) DEFINITION” and all
7 that follows through “the term” and inserting
8 the following:

9 “(d) DEFINITIONS.—In this section:

10 “(1) DISLOCATED WORKER.—The term ‘dis-
11 located worker’ has the meaning given the term in
12 section 101 of the Workforce Investment Act of
13 1998 (29 U.S.C. 2801).

14 “(2) MEANS-TESTED FEDERAL BENEFIT PRO-
15 GRAM.—The term”.

16 (b) DISCRETION OF STUDENT FINANCIAL AID AD-
17 MINISTRATORS.—Section 479A(a) (20 U.S.C. 1087tt(a))
18 is amended in the third sentence by inserting “a family
19 member who is a dislocated worker (as defined in section
20 101 of the Workforce Investment Act of 1998 (29 U.S.C.
21 2801)),” after “recent unemployment of a family mem-
22 ber,”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall be effective on July 1, 2009.

1 **SEC. 104. DEFINITIONS.**

2 (a) TOTAL INCOME.—Section 480(a)(2) (20 U.S.C.
3 1087vv(a)(2)) is amended—

4 (1) by striking “and no portion” and inserting
5 “no portion”; and

6 (2) by inserting “and no distribution from any
7 qualified education benefit described in subsection
8 (f)(3) that is not subject to Federal income tax,”
9 after “1986,”.

10 (b) UNTAXED INCOME AND BENEFITS.—Section
11 480(b) (20 U.S.C. 1087vv(b)) is amended to read as fol-
12 lows:

13 “(b) UNTAXED INCOME AND BENEFITS.—

14 “(1) The term ‘untaxed income and benefits’
15 means—

16 “(A) child support received;

17 “(B) workman’s compensation;

18 “(C) veteran’s benefits such as death pen-
19 sion, dependency, and indemnity compensation,
20 but excluding veterans’ education benefits as
21 defined in subsection (c);

22 “(D) interest on tax-free bonds;

23 “(E) housing, food, and other allowances
24 (excluding rent subsidies for low-income hous-
25 ing) for military, clergy, and others (including
26 cash payments and cash value of benefits);

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

4 “(G) untaxed portion of pensions;

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

8 “(I) any other untaxed income and bene-
9 fits, such as Black Lung Benefits, Refugee As-
10 sistance, railroad retirement benefits, or Job
11 Training Partnership Act noneducational bene-
12 fits or benefits received through participation in
13 employment and training activities under title I
14 of the Workforce Investment Act of 1998 (29
15 U.S.C. 2801 et seq.).

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

19 (c) ASSETS.—Section 480(f) (20 U.S.C. 1087vv(f))
20 is amended—

21 (1) in paragraph (3), by striking “shall not be
22 considered an asset of a student for purposes of sec-
23 tion 475” and inserting “shall be considered an
24 asset of the parent for purposes of section 475”;

1 (2) by redesignating paragraphs (4) and (5) as
2 paragraphs (5) and (6), respectively; and

3 (3) by inserting after paragraph (3) the fol-
4 lowing:

5 “(4) A qualified education benefit shall be con-
6 sidered an asset of the student for purposes of sec-
7 tion 476 and 477.”.

8 (d) OTHER FINANCIAL ASSISTANCE.—Section
9 480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by insert-
10 ing “, or a distribution that is not includable in gross in-
11 come under section 529 of such Code, under another pre-
12 paid tuition plan offered by a State, or under a Coverdell
13 education savings account under section 530 of such
14 Code,” after “1986”.

15 (e) EFFECTIVE DATE.—The amendments made by
16 this section shall be effective on July 1, 2009.

17 **PART B—MAKING STUDENT LOANS MORE**
18 **AFFORDABLE**

19 **SEC. 111. INTEREST RATE REDUCTIONS.**

20 (a) FFEL INTEREST RATES.—

21 (1) Section 427A(l) (20 U.S.C. 1077a(l)) is
22 amended by adding at the end the following new
23 paragraph:

24 “(4) REDUCED RATES FOR UNDERGRADUATE
25 SUBSIDIZED LOANS.—Notwithstanding subsection

1 (h) and paragraph (1) of this subsection, with re-
2 spect to any loan to an undergraduate student made,
3 insured, or guaranteed under this part (other than
4 a loan made pursuant to section 428B, 428C, or
5 428H) for which the first disbursement is made on
6 or after July 1, 2006, and before July 1, 2013, the
7 applicable rate of interest shall be as follows:

8 “(A) For a loan for which the first dis-
9 bursement is made on or after July 1, 2006,
10 and before July 1, 2008, 6.80 percent on the
11 unpaid principal balance of the loan.

12 “(B) For a loan for which the first dis-
13 bursement is made on or after July 1, 2008,
14 and before July 1, 2009, 6.12 percent on the
15 unpaid principal balance of the loan.

16 “(C) For a loan for which the first dis-
17 bursement is made on or after July 1, 2009,
18 and before July 1, 2010, 5.44 percent on the
19 unpaid principal balance of the loan.

20 “(D) For a loan for which the first dis-
21 bursement is made on or after July 1, 2010,
22 and before July 1, 2011, 4.76 percent on the
23 unpaid principal balance of the loan.

24 “(E) For a loan for which the first dis-
25 bursement is made on or after July 1, 2011,

1 and before July 1, 2012, 4.08 percent on the
 2 unpaid principal balance of the loan.

3 “(F) For a loan for which the first dis-
 4bursement is made on or after July 1, 2012
 5and before July 1, 2013, 3.40 percent on the
 6unpaid principal balance of the loan.”.

7 (2) SPECIAL ALLOWANCE CROSS REFERENCE.—
 8 Section 438(b)(2)(I)(ii)(II) (20 U.S.C.
 9 1086(b)(2)(I)(ii)(II)) is amended by striking “sec-
 10tion 427A(l)(1)” and inserting “section 427A(l)(1)
 11or (l)(4)”.

12 (b) DIRECT LOAN INTEREST RATES.—Section
 13 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding
 14 at the end the following new subparagraph:

15 “(D) REDUCED RATES FOR UNDER-
 16GRADUATE FDSL.—Notwithstanding the pre-
 17ceding paragraphs of this subsection, for Fed-
 18eral Direct Stafford Loans made to under-
 19graduate students for which the first disburse-
 20ment is made on or after July 1, 2006, and be-
 21fore July 1, 2013, the applicable rate of interest
 22shall be as follows:

23 “(i) For a loan for which the first dis-
 24bursement is made on or after July 1,
 252006, and before July 1, 2008, 6.80 per-

1 cent on the unpaid principal balance of the
2 loan.

3 “(ii) For a loan for which the first
4 disbursement is made on or after July 1,
5 2008, and before July 1, 2009, 6.12 per-
6 cent on the unpaid principal balance of the
7 loan.

8 “(iii) For a loan for which the first
9 disbursement is made on or after July 1,
10 2009, and before July 1, 2010, 5.44 per-
11 cent on the unpaid principal balance of the
12 loan.

13 “(iv) For a loan for which the first
14 disbursement is made on or after July 1,
15 2010, and before July 1, 2011, 4.76 per-
16 cent on the unpaid principal balance of the
17 loan.

18 “(v) For a loan for which the first
19 disbursement is made on or after July 1,
20 2011, and before July 1, 2012, 4.08 per-
21 cent on the unpaid principal balance of the
22 loan.

23 “(vi) For a loan for which the first
24 disbursement is made on or after July 1,
25 2012, and before July 1, 2013, 3.40 per-

1 cent on the unpaid principal balance of the
 2 loan.”.

3 **SEC. 112. INCREASES IN LOAN LIMITS.**

4 (a) INCREASE IN THIRD AND SUBSEQUENT YEAR
 5 LIMITS.—

6 (1) FEDERAL INSURANCE LIMITS.—Section
 7 425(a)(1)(A)(iii) (20 U.S.C. 1075(a)(1)(A)(iii)) is
 8 amended by striking “\$5,500” and inserting
 9 “\$7,500”.

10 (2) GUARANTY LIMITS.—Section
 11 428(b)(1)(A)(iii)(I) (20 U.S.C. 1078(b)(1)(A)(iii)(I))
 12 is amended by striking “\$5,500” and inserting
 13 “\$7,500”.

14 (b) INCREASE IN AGGREGATE LIMITS.—

15 (1) FEDERAL INSURANCE LIMITS.—Section
 16 425(a)(2)(A) (20 U.S.C. 1075(a)(2)(A)(i)) is
 17 amended—

18 (A) in clause (i), by striking “\$23,000”
 19 and inserting “\$30,500”; and

20 (B) in clause (ii), by striking “\$65,500”
 21 and inserting “\$73,000”.

22 (2) GUARANTY LIMITS.—Section 428(b)(1)(B)
 23 (20 U.S.C. 1078(b)(1)(A)(iii)(I)) is amended—

24 (A) in clause (i), by striking “\$23,000”
 25 and inserting “\$30,500”; and

1 (B) in clause (ii), by striking “\$65,500”
 2 and inserting “\$73,000”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall be effective July 1, 2008.

5 **SEC. 113. REDUCTION OF LENDER SPECIAL ALLOWANCE**
 6 **PAYMENTS.**

7 Section 438(b)(2)(I) (20 U.S.C. 1087–1(b)(2)(I)) is
 8 amended—

9 (1) in clause (i), by striking “clauses (ii), (iii),
 10 and (iv)” and inserting “the following clauses”;

11 (2) in clause (v)(III), by striking “clauses (ii),
 12 (iii), and (iv)” and inserting “clauses (ii), (iii), (iv),
 13 and (vi)”; and

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

16 “(vi) REDUCTION FOR LOANS ON OR
 17 AFTER OCTOBER 1, 2007.—With respect to
 18 a loan on which the applicable interest rate
 19 is determined under section 427A(l), the
 20 percentage to be added under clause
 21 (i)(III) in computing the special allowance
 22 payment pursuant to this subparagraph
 23 shall be the following:

24 “(I) IN GENERAL AND PLUS
 25 LOANS.—1.79 percent in the case of a

1 loan described in clause (i) or (iii) for
 2 which the first disbursement of prin-
 3 cipal is made on or after October 1,
 4 2007.

5 “(II) IN SCHOOL AND GRACE PE-
 6 RIOD.—1.19 percent in the case of a
 7 loan described in clause (ii)(II) for
 8 which the first disbursement of prin-
 9 cipal is made on or after October 1,
 10 2007.

11 “(III) CONSOLIDATION LOANS.—
 12 2.09 percent in the case of a loan de-
 13 scribed in clause (iv) made on or after
 14 October 1, 2007.”.

15 **SEC. 114. ELIMINATION OF EXCEPTIONAL PERFORMER**
 16 **STATUS FOR LENDERS.**

17 (a) ELIMINATION OF STATUS.—Part B of title IV (20
 18 U.S.C. 1071 et seq.) is amended by striking section 428I
 19 (20 U.S.C. 1078–9).

20 (b) CONFORMING AMENDMENTS.—Part B of title IV
 21 is further amended—

22 (1) in section 428(c)(1) (20 U.S.C.
 23 1078(c)(1))—

24 (A) by striking subparagraph (D); and

1 (B) by redesignating subparagraphs (E)
 2 through (H) as subparagraphs (D) through
 3 (G), respectively; and
 4 (2) in section 438(b)(5) (20 U.S.C. 1087–
 5 1(b)(5)), by striking the matter following subpara-
 6 graph (B).

7 **SEC. 115. REDUCTION OF LENDER INSURANCE PERCENT-**
 8 **AGE.**

9 (a) AMENDMENT.—Subparagraph (G) of section
 10 428(b)(1) (20 U.S.C. 1078(b)(1)(G)) is amended to read
 11 as follows:

12 “(G) insures 95 percent of the unpaid
 13 principal of loans insured under the program,
 14 except that—

15 “(i) such program shall insure 100
 16 percent of the unpaid principal of loans
 17 made with funds advanced pursuant to sec-
 18 tion 428(j) or 439(q); and

19 “(ii) notwithstanding the preceding
 20 provisions of this subparagraph, such pro-
 21 gram shall insure 100 percent of the un-
 22 paid principal amount of exempt claims as
 23 defined in subsection (c)(1)(G);”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect with respect to loans made
3 on or after October 1, 2007.

4 **SEC. 116. GUARANTY AGENCY COLLECTION RETENTION.**

5 Clause (ii) of section 428(c)(6)(A) (20 U.S.C.
6 1078(c)(6)(A)(ii)) is amended to read as follows:

7 “(ii) an amount equal to 23 percent of
8 such payments for use in accordance with
9 section 422B, except that beginning Octo-
10 ber 1, 2007, this subparagraph shall be ap-
11 plied by substituting ‘16 percent’ for ‘23
12 percent’.”.

13 **SEC. 117. ACCOUNT MAINTENANCE FEES.**

14 Section 458(b) (20 U.S.C. 1087h(b)) is amended by
15 striking “0.10 percent” and inserting “0.06 percent”.

16 **SEC. 118. INCREASED LOAN FEES FROM LENDERS.**

17 Paragraph (2) of section 438(d) (20 U.S.C. 1087–
18 1(d)(2)) is amended to read as follows:

19 “(2) AMOUNT OF LOAN FEES.—

20 “(A) AMOUNT.—The amount of the loan
21 fee which shall be deducted under paragraph
22 (1), but which may not be collected from the
23 borrower, shall be equal to—

24 “(i) except as provided in clauses (ii)
25 and (iii), 0.50 percent of the principal

1 amount of the loan with respect to any
2 loan under this part for which the first dis-
3 bursement was made on or after October
4 1, 1993;

5 “(ii) 1.0 percent of the principal
6 amount of the loan with respect to any
7 loan under this part for which the first dis-
8 bursement was made on or after October
9 1, 2007, that is held by any holder other
10 than a holder described in subclause (I) or
11 (II) of clause (iii); and

12 “(iii) 0.0 percent of the principal
13 amount of the loan with respect to any
14 loan under this part for which the first dis-
15 bursement was made on or after October
16 1, 2007, that is held by—

17 “(I) any holder that, together
18 with its affiliated holders, is des-
19 ignated by the Secretary annually as a
20 small lender under subparagraph (B);
21 or

22 “(II) any holder that—

23 “(aa) is a unit of a State or
24 local government or a nonprofit
25 private entity; and

1 “(bb) is not owned in whole
2 or in part by, or controlled or op-
3 erated by a for-profit entity.

4 “(B) DESIGNATION OF SMALL LENDERS.—
5 In determining which holders of eligible loans
6 qualify as small lenders for purposes of sub-
7 paragraph (A)(iii)(I), the Secretary shall, using
8 the most recently available data with respect to
9 the total principal amount of eligible loans held
10 by holders—

11 “(i) rank all holders of eligible loans
12 (combined with their affiliated holders) in
13 descending order by total principal amount
14 of eligible loans held;

15 “(ii) calculate the total principal
16 amount of eligible loans held by all holders;
17 and

18 “(iii) identify the subset of consec-
19 utively ranked holders under clause (i),
20 starting with the lowest ranked holder,
21 that together hold a total principal amount
22 of such loans equal to 15 percent of the
23 total amount calculated under clause (ii),
24 but excluding the holder, if any, whose
25 holdings when added cause the total hold-

1 ings of the subset to equal but not exceed
 2 such 15 percent of such total amount cal-
 3 culated; and

4 “(iv) designate as small lenders any
 5 holder identified as a member of the subset
 6 under clause (iii).”.

7 **SEC. 119. MARKET-BASED DETERMINATION OF LENDER RE-**
 8 **URNS.**

9 (a) JOINT PLANNING STUDY TO SELECT AUCTION
 10 MECHANISMS FOR TESTING.—

11 (1) PLANNING STUDY.—The Secretaries of
 12 Education and Treasury jointly shall conduct a plan-
 13 ning study, in consultation with the Office of Man-
 14 agement and Budget, the Congressional Budget Of-
 15 fice, the General Accounting Office, and other indi-
 16 viduals and entities the Secretaries determines ap-
 17 propriate, to—

18 (A) examine the matters described in para-
 19 graph (2) in order to determine which market-
 20 based mechanisms for determining lender re-
 21 turns on loans made, insured, or guaranteed
 22 under part B of title IV of the Higher Edu-
 23 cation Act of 1965 (20 U.S.C. 1071 et seq.)
 24 shall be tested under the pilot programs de-
 25 scribed in subsection (c); and

1 (B) determine what related administrative
2 and other changes will be required in order to
3 ensure that high-quality services are provided
4 under a successful implementation of market-
5 based determinations of lender returns for all
6 loans made, insured, or guaranteed under such
7 part.

8 (2) MATTERS EXAMINED.—The planning study
9 under this subsection shall examine—

10 (A) whether it is most appropriate to auc-
11 tion existing loans under part B of title IV of
12 such Act, to auction the rights to originate
13 loans under such part, or whether the sale of
14 securities backed by federally-owned student
15 loan assets originated by banks acting as agents
16 of the Federal Government would provide the
17 most efficient market-based alternative;

18 (B) matters related to efficient financial
19 organization of any auctions or sales of loans
20 under such part, including how loans and origi-
21 nation rights are bundled, the capital structure
22 of any securitization plan, and issues related to
23 servicing; and

24 (C) how to ensure that statutory, regu-
25 latory, and administrative requirements do not

1 impede separate management and ownership of
2 loans or assets backed by loans under part B
3 of title IV of such Act.

4 (3) MECHANISMS.—In determining which mar-
5 ket-based mechanisms are the most promising mod-
6 els to test the pilot programs under subsection (b),
7 the planning study shall take into account whether
8 a particular market-based mechanism will—

9 (A) ensure loan availability under part B
10 of title IV of such Act to all eligible students
11 at all participating institutions;

12 (B) minimize administrative complexity for
13 borrowers, institutions, lenders, and the Federal
14 Government; and

15 (C) reduce Federal costs if used on a pro-
16 gram-wide basis.

17 (4) REPORT.—A report on the results of the
18 planning study, together with a plan for implementa-
19 tion of one or more pilot programs using promising
20 market-based approaches for determining lender re-
21 turns, shall be transmitted to Congress not later
22 than 6 months after the date of enactment of this
23 Act.

24 (b) PILOT PROGRAMS TO BE TESTED.—

25 (1) AUTHORIZATION.—

1 (A) IN GENERAL.—Notwithstanding any
2 other provision of law, after the report de-
3 scribed in subsection (a)(4) is transmitted to
4 Congress, the Secretary of Education shall, in
5 consultation with the Secretary of the Treasury,
6 begin preparations necessary to carry out pilot
7 programs meeting the requirements of this sub-
8 section in accordance with the implementation
9 plan included in such report.

10 (B) IMPLEMENTATION DATE.—The Sec-
11 retary of Education shall commence implemen-
12 tation of the pilot programs under this sub-
13 section not earlier than July 1, 2008.

14 (C) DURATION AND LOAN VOLUME.—The
15 pilot programs under this subsection shall be
16 not more than two academic years in duration,
17 and the Secretary of Education may use the
18 pilot programs to determining the lender re-
19 turns for not more than—

20 (i) 10 percent of the annual loan vol-
21 ume under part B of title IV of the Higher
22 Education Act of 1965 during the first
23 year of the pilot programs under this sub-
24 section; and

1 (ii) 20 percent of the annual loan vol-
2 ume under part B of title IV of such Act
3 during the second year of the pilot pro-
4 grams under this subsection.

5 (2) VOLUNTARY PARTICIPATION.—

6 (A) Participation in any auction-based
7 pilot program under this subsection shall be vol-
8 untary for eligible institutions and eligible lend-
9 ers participating under part B of title IV of
10 such Act prior to July 1, 2006.

11 (B) All savings to the United States Treas-
12 ury generated by such auctions shall be distrib-
13 uted to institutions participating under this
14 subsection on a basis proportionate to loan vol-
15 ume under such part for supplemental, need-
16 based financial aid, except that an institution
17 that is operating as an eligible lender under
18 section 435(d)(2) of such Act shall not be eligi-
19 ble for any such distribution.

20 (3) INDEPENDENT EVALUATION.—The Govern-
21 ment Accountability Office shall conduct an inde-
22 pendent evaluation of the pilot programs under this
23 subsection, which evaluation shall be completed, and
24 the results of such submitted to the Secretary of
25 Education, the Secretary of the Treasury, and Con-

1 gress, not later than 120 days after the termination
2 of such pilot programs.

3 (c) PROGRAM-WIDE IMPLEMENTATION.—Notwith-
4 standing any other provision of part B of title IV of the
5 Higher Education Act of 1965, for the first academic year
6 beginning not less than 120 days after the independent
7 evaluation described in subsection (b)(3) has been trans-
8 mitted to Congress, and succeeding academic years, the
9 Secretary of Education is authorized to implement for all
10 loans made under such part, a program-wide, market-
11 based system to determine returns to all lenders as the
12 Secretary of Education determines appropriate, provided
13 that—

14 (1) the Secretary of Education, in consultation
15 with the Secretary of the Treasury, has certified
16 that the auction-based system that the Secretary of
17 Education intends to implement on a program-wide
18 basis would—

19 (A) ensure loan availability under such
20 part to all eligible students at all participating
21 institutions;

22 (B) minimize administrative complexity for
23 borrowers, institutions, lenders, and the Federal
24 Government, including the enhancement of the

1 modernization of the student financial aid sys-
2 tem; and

3 (C) reduce Federal costs when used on a
4 program-wide basis; and

5 (2) the Secretary of Education has notified
6 Congress of the Secretary's intent to implement a
7 program-wide auction based system, and has pro-
8 vided a description of the structure of such auction-
9 based system, at least 120 days before implementing
10 such system.

11 (d) CONSULTATION.—

12 (1) IN GENERAL.—As part of the planning
13 study, pilot programs, and program-wide implemen-
14 tation phases described in this section, the Secretary
15 of Education shall consult with representatives of in-
16 vestment banks, ratings agencies, lenders, institu-
17 tions of higher education, and students, as well as
18 individuals or other entities with pertinent technical
19 expertise. The Secretary of Education shall engage
20 in such consultations using such methods as, and to
21 the extent that, the Secretary determines appro-
22 priate to the time constraints associated with the
23 study, programs, and implementation.

24 (2) SERVICES OF OTHER FEDERAL AGEN-
25 CIES.—In carrying out the planning study and pilot

1 programs described in this section, the Secretary of
 2 Education may use, on a reimbursable basis, the
 3 services (including procurement authorities and serv-
 4 ices), equipment, personnel, and facilities of other
 5 agencies and instrumentalities of the Federal Gov-
 6 ernment.

7 **SEC. 120. OTHER GUARANTY AGENCY REFORMS.**

8 (a) AGENCY OPERATING FUNDS.—Section 422B(c)
 9 (20 U.S.C. 1072b(c)) is amended—

10 (1) by striking “and” at the end of paragraph
 11 (5);

12 (2) by redesignating paragraph (6) as para-
 13 graph (7); and

14 (3) by inserting after paragraph (5) the fol-
 15 lowing new paragraph:

16 “(6) the delinquency prevention fee paid by the
 17 Secretary in accordance with section 428(o); and”.

18 (b) DELINQUENCY PREVENTION FEE.—Section 428
 19 (20 U.S.C. 1078) is amended by adding at the end the
 20 following new subsection:

21 “(o) DELINQUENCY PREVENTION FEE.—

22 “(1) AMOUNT OF FEE.—The Secretary shall
 23 pay to each guaranty agency, on a monthly basis, a
 24 delinquency prevention fee equal to 0.0055 percent
 25 of the original principal amount of loans insured by

1 the agency, other than loans in in-school or grace
 2 period status, that are not in delinquency status as
 3 of the end of the previous month.

4 “(2) DEFINITION.—For the purpose of earning
 5 the delinquency prevention fee, the term ‘not in de-
 6 linquency status’ means the borrower is less than 60
 7 days delinquent in making a required payment.”.

8 (c) MINIMUM LOAN PROCESSING AND ISSUANCE
 9 FEES.—Section 428(f)(1)(A)(ii) (20 U.S.C.
 10 1078(f)(1)(A)(ii)) is amended by inserting before the pe-
 11 riod at the end the following: “, except that the total
 12 amount of such payments to each guaranty agency in any
 13 fiscal year shall equal at least \$1,500,000”.

14 **PART C—REWARDING SERVICE IN REPAYMENT**
 15 **SEC. 131. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**
 16 **NATIONAL NEED.**

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

19 **“SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**
 20 **NATIONAL NEED.**

21 “(a) PROGRAM AUTHORIZED.—

22 “(1) LOAN FORGIVENESS AUTHORIZED.—The
 23 Secretary shall forgive, in accordance with this sec-
 24 tion, the student loan obligation of a borrower in the
 25 amount specified in subsection (c), for any new bor-

1 rower after the date of enactment of the College
2 Cost Reduction Act of 2007, who—

3 “(A) is employed full-time in an area of
4 national need described in subsection (b); and

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

7 “(2) METHOD OF LOAN FORGIVENESS.—To
8 provide loan forgiveness under paragraph (1), the
9 Secretary is authorized to carry out a program—

10 “(A) through the holder of the loan, to as-
11 sume the obligation to repay a qualified loan
12 amount for a loan made, insured, or guaranteed
13 under this part; and

14 “(B) to cancel a qualified loan amount for
15 a loan made under part D of this title.

16 “(3) REGULATIONS.—The Secretary is author-
17 ized to issue such regulations as may be necessary
18 to carry out the provisions of this section.

19 “(b) AREAS OF NATIONAL NEED.—For purposes of
20 this section, an individual shall be treated as employed in
21 an area of national need if the individual is employed full-
22 time as any of the following:

23 “(1) EARLY CHILDHOOD EDUCATORS.—An in-
24 dividual who is employed as an early childhood edu-
25 cator in an eligible preschool program or eligible

1 early childhood education program in a low-income
2 community, and who is involved directly in the care,
3 development, and education of infants, toddlers, or
4 young children age 5 and under.

5 “(2) NURSES.—An individual who is em-
6 ployed—

7 “(A) as a nurse in a clinical setting; or

8 “(B) as a member of the nursing faculty at
9 an accredited school of nursing (as those terms
10 are defined in section 801 of the Public Health
11 Service Act (42 U.S.C. 296)).

12 “(3) FOREIGN LANGUAGE SPECIALISTS.—An
13 individual who has obtained a baccalaureate degree
14 in a critical foreign language and is employed—

15 “(A) in an elementary or secondary school
16 as a teacher of a critical foreign language; or

17 “(B) in an agency of the United States
18 Government in a position that regularly re-
19 quires the use of such critical foreign language.

20 “(4) LIBRARIANS.—An individual who is em-
21 ployed as a librarian in—

22 “(A) a public library that serves a geo-
23 graphic area within which the public schools
24 have a combined average of 30 percent or more
25 of their total student enrollments composed of

1 children counted under section 1113(a)(5) of
2 the Elementary and Secondary Education Act
3 of 1965; or

4 “(B) an elementary or secondary school
5 which is in the school district of a local edu-
6 cational agency which is eligible in such year
7 for assistance pursuant to title I of the Elemen-
8 tary and Secondary Education Act of 1965, and
9 which for the purpose of this paragraph and for
10 that year has been determined by the Secretary
11 (pursuant to regulations and after consultation
12 with the State educational agency of the State
13 in which the school is located) to be a school in
14 which the enrollment of children counted under
15 section 1113(a)(5) of the Elementary and Sec-
16 ondary Education Act of 1965 exceeds 30 per-
17 cent of the total enrollment of that school.

18 “(5) HIGHLY QUALIFIED TEACHERS: BILIN-
19 GUAL EDUCATION AND LOW-INCOME COMMU-
20 NITIES.—An individual who—

21 “(A) is highly qualified as such term is de-
22 fined in section 9101 of the Elementary and
23 Secondary Education Act of 1965; and

24 “(B)(i) is employed as a full-time teacher
25 of bilingual education; or

1 “(ii) is employed as a teacher in a public
2 or nonprofit private elementary or secondary
3 school which is in the school district of a local
4 educational agency which is eligible in such year
5 for assistance pursuant to title I of the Elemen-
6 tary and Secondary Education Act of 1965, and
7 which for the purpose of this paragraph and for
8 that year has been determined by the Secretary
9 (pursuant to regulations and after consultation
10 with the State educational agency of the State
11 in which the school is located) to be a school in
12 which the enrollment of children counted under
13 section 1113(a)(5) of the Elementary and Sec-
14 ondary Education Act of 1965 exceeds 40 per-
15 cent of the total enrollment of that school.

16 “(6) CHILD WELFARE WORKERS.—An indi-
17 vidual who—

18 “(A) has obtained a degree in social work
19 or a related field with a focus on serving chil-
20 dren and families; and

21 “(B) is employed in public or private child
22 welfare services.

23 “(7) SPEECH-LANGUAGE PATHOLOGISTS.—An
24 individual who is a speech-language pathologist, who
25 is employed in an eligible preschool program or an

1 elementary or secondary school, and who has, at a
2 minimum, a graduate degree in speech-language pa-
3 thology, or communication sciences and disorders.

4 “(8) NATIONAL SERVICE.—An individual who is
5 engaged as a participant in a project under the Na-
6 tional and Community Service Act of 1990 (as such
7 terms are defined in section 101 of such Act (42
8 U.S.C. 12511)).

9 “(9) SCHOOL COUNSELORS.—An individual who
10 is employed as a school counselor (as such term is
11 defined in section 5421(e)(3) of Elementary and
12 Secondary Education Act of 1965 (20 U.S.C.
13 7245(e)(3)) in an elementary or secondary school
14 which is in the school district of a local educational
15 agency which is eligible in such year for assistance
16 pursuant to title I of the Elementary and Secondary
17 Education Act of 1965, and which for the purpose
18 of this paragraph and for that year has been deter-
19 mined by the Secretary (pursuant to regulations and
20 after consultation with the State educational agency
21 of the State in which the school is located) to be a
22 school in which the enrollment of children counted
23 under section 1113(a)(5) of the Elementary and
24 Secondary Education Act of 1965 exceeds 30 per-
25 cent of the total enrollment of that school.

1 “(10) PUBLIC SECTOR EMPLOYEES.—An indi-
2 vidual who is employed in public safety (including as
3 a first responder, firefighter, police officer, or other
4 law enforcement or public safety officer), emergency
5 management (including as an emergency medical
6 technician), public health, or public interest legal
7 services (including prosecution or public defense or
8 legal advocacy in low-income communities at a non-
9 profit organization).

10 “(c) QUALIFIED LOAN AMOUNT.—At the end of each
11 school, academic, or calendar year of full-time employment
12 in an area of national need described in subsection (b),
13 not to exceed 5 years, the Secretary shall forgive not more
14 than \$1,000 of the student loan obligation of a borrower
15 that is outstanding after the completion of each such
16 school, academic, or calendar year of employment, as ap-
17 propriate, not to exceed \$5,000 in the aggregate for any
18 borrower.

19 “(d) CONSTRUCTION.—Nothing in this section shall
20 be construed to authorize the refunding of any repayment
21 of a loan.

22 “(e) SEGAL AMERICORPS EDUCATION AWARD AND
23 NATIONAL SERVICE AWARD RECIPIENTS.—A student bor-
24 rower who qualifies for the maximum education award
25 under subtitle D of title I of the National and Community

1 Service Act of 1990 (42 U.S.C. 12601 et seq.) shall re-
2 ceive under this section the amount, if any, by which the
3 maximum benefit available under this section exceeds the
4 maximum education award available under such subtitle.

5 “(f) INELIGIBILITY FOR DOUBLE BENEFITS.—No
6 borrower may receive a reduction of loan obligations under
7 both this section and section 428J or 460.

8 “(g) DEFINITIONS.—In this section:

9 “(1) CRITICAL FOREIGN LANGUAGE.—The term
10 ‘critical foreign language’ includes the languages of
11 Arabic, Korean, Japanese, Chinese, Pashto, Persian-
12 Farsi, Serbian-Croatian, Russian, Portuguese, and
13 any other language identified by the Secretary of
14 Education, in consultation with the Defense Lan-
15 guage Institute, the Foreign Service Institute, and
16 the National Security Education Program, as a crit-
17 ical foreign language need.

18 “(2) EARLY CHILDHOOD EDUCATOR.—The
19 term ‘early childhood educator’ means an early
20 childhood educator who works directly with children
21 in an eligible preschool program or eligible early
22 childhood education program who has completed a
23 baccalaureate or advanced degree in early childhood
24 development, early childhood education, or in a field
25 related to early childhood education.

1 “(3) ELIGIBLE PRESCHOOL PROGRAM.—The
2 term ‘eligible preschool program’ means a program
3 that provides for the care, development, and edu-
4 cation of infants, toddlers, or young children age 5
5 and under, meets any applicable State or local gov-
6 ernment licensing, certification, approval, and reg-
7 istration requirements, and is operated by—

8 “(A) a public or private school that is sup-
9 ported, sponsored, supervised, or administered
10 by a local educational agency;

11 “(B) a Head Start agency serving as a
12 grantee designated under the Head Start Act
13 (42 U.S.C. 9831 et seq.);

14 “(C) a nonprofit or community based orga-
15 nization; or

16 “(D) a child care program, including a
17 home.

18 “(4) ELIGIBLE EARLY CHILDHOOD EDUCATION
19 PROGRAM.—The term ‘eligible early childhood edu-
20 cation program’ means—

21 “(A) a family child care program, center-
22 based child care program, State prekind-
23 ergarten program, school program, or other out-
24 of-home early childhood development care pro-
25 gram, that—

1 “(i) is licensed or regulated by the
2 State; and

3 “(ii) serves 2 or more unrelated chil-
4 dren who are not old enough to attend kin-
5 dergarten;

6 “(B) a Head Start Program carried out
7 under the Head Start Act (42 U.S.C. 9831 et
8 seq.); or

9 “(C) an Early Head Start Program carried
10 out under section 645A of the Head Start Act
11 (42 U.S.C. 9840a).

12 “(5) LOW-INCOME COMMUNITY.—In this sub-
13 section, the term ‘low-income community’ means a
14 community in which 70 percent of households earn
15 less than 85 percent of the State median household
16 income.

17 “(6) NURSE.—The term ‘nurse’ means a nurse
18 who meets all of the following:

19 “(A) The nurse graduated from—

20 “(i) an accredited school of nursing
21 (as those terms are defined in section 801
22 of the Public Health Service Act (42
23 U.S.C. 296));

24 “(ii) a nursing center; or

1 “(iii) an academic health center that
2 provides nurse training.

3 “(B) The nurse holds a valid and unre-
4 stricted license to practice nursing in the State
5 in which the nurse practices in a clinical set-
6 ting.

7 “(C) The nurse holds one or more of the
8 following:

9 “(i) A graduate degree in nursing, or
10 an equivalent degree.

11 “(ii) A nursing degree from a colle-
12 giate school of nursing (as defined in sec-
13 tion 801 of the Public Health Service Act
14 (42 U.S.C. 296)).

15 “(iii) A nursing degree from an asso-
16 ciate degree school of nursing (as defined
17 in section 801 of the Public Health Service
18 Act (42 U.S.C. 296)).

19 “(iv) A nursing degree from a diploma
20 school of nursing (as defined in section
21 801 of the Public Health Service Act (42
22 U.S.C. 296)).

23 “(7) SPEECH-LANGUAGE PATHOLOGIST.—The
24 term ‘speech-language pathologist’ means a speech-
25 language pathologist who—

“(A) has received, at a minimum, a graduate degree in speech-language pathology or communication sciences and disorders from an institution of higher education accredited by an agency or association recognized by the Secretary pursuant to section 496(a) of this Act; and

“(B) provides speech-language pathology services under section 1861(ll)(1) of the Social Security Act (42 U.S.C. 1395x(ll)(1), or meets or exceeds the qualifications for a qualified speech-language pathologist under subsection (ll)(3) of such section (42 U.S.C. 1395x(ll)(3)).

“(h) PROGRAM FUNDING.—There shall be available to the Secretary to carry out this section, from funds not otherwise appropriated, such sums as may be necessary to provide loan forgiveness in accordance with this section to each eligible individual.”.

SEC. 132. INCOME-CONTINGENT REPAYMENT FOR PUBLIC SECTOR EMPLOYEES.

Section 455(e) (20 U.S.C. 1087e(e)) is amended by adding at the end the following:

“(7) REPAYMENT PLAN FOR PUBLIC SECTOR EMPLOYEES.—

1 “(A) IN GENERAL.—The Secretary shall
2 forgive the balance due on any loan made under
3 this part or section 428C(b)(5) for a bor-
4 rower—

5 “(i) who has made 120 payments on
6 such loan pursuant to income-contingent
7 repayment; and

8 “(ii) who is employed, and was em-
9 ployed for the 10-year period in which the
10 borrower made the 120 payments de-
11 scribed in clause (i), in a public sector job.

12 “(B) PUBLIC SECTOR JOB.—In this para-
13 graph, the term ‘public sector job’ means a full-
14 time job in emergency management, govern-
15 ment, public safety, law enforcement, public
16 health, education (including early childhood
17 education), social work in a public child or fam-
18 ily service agency, public interest legal services
19 (including prosecution or public defense or legal
20 advocacy in low-income communities at a non-
21 profit organization), or at an organization that
22 is described in section 501(c)(3) of the Internal
23 Revenue Code of 1986 and exempt from tax-
24 ation under section 501(a) of such Code.

1 “(8) RETURN TO STANDARD REPAYMENT.—A
 2 borrower who is repaying a loan made under this
 3 part pursuant to income-contingent repayment may
 4 choose, at any time, to terminate repayment pursu-
 5 ant to income-contingent repayment and repay such
 6 loan under the standard repayment plan.”.

7 **SEC. 133. INCOME-BASED REPAYMENT.**

8 (a) AMENDMENT.—Part G of title IV (20 U.S.C.
 9 1088 et seq.) is further amended by adding at the end
 10 the following:

11 **“SEC. 493C. INCOME-BASED REPAYMENT.**

12 “(a) DEFINITIONS.—In this section:

13 “(1) EXCEPTED PLUS LOAN.—The term ‘ex-
 14 cepted PLUS loan’ means a loan under section
 15 428B, or a Federal Direct PLUS Loan, that is
 16 made, insured, or guaranteed on behalf of a depend-
 17 ent student.

18 “(2) PARTIAL FINANCIAL HARDSHIP.—The
 19 term ‘partial financial hardship’, when used with re-
 20 spect to a borrower, means that for such borrower—

21 “(A) the annual amount due on the total
 22 amount of loans made, insured, or guaranteed
 23 under part B or D (other than an excepted
 24 PLUS loan) to a borrower as calculated under

1 the standard repayment plan under section
 2 428(b)(9)(A)(i) or 455(d)(1)(A); exceeds

3 “(B) 15 percent of the result obtained by
 4 calculating the amount by which—

5 “(i) the borrower’s, and the bor-
 6 rower’s spouse’s (if applicable), adjusted
 7 gross income; exceeds

8 “(ii) 150 percent of the poverty line
 9 applicable to the borrower’s family size as
 10 determined under section 673(2) of the
 11 Community Services Block Grant Act (42
 12 U.S.C. 9902(2)).

13 “(b) INCOME-BASED REPAYMENT PROGRAM AU-
 14 THORIZED.—Notwithstanding any other provision of this
 15 Act, the Secretary shall carry out a program under
 16 which—

17 “(1) a borrower of any loan made, insured, or
 18 guaranteed under part B or D (other than an ex-
 19 cepted PLUS loan) who has a partial financial hard-
 20 ship may elect, during any period the borrower has
 21 the partial financial hardship, to have the borrower’s
 22 aggregate monthly payment for all such loans not
 23 exceed the result described in subsection (a)(2)(B)
 24 divided by 12;

1 “(2) the holder of such a loan shall apply the
2 borrower’s monthly payment under this subsection
3 first toward interest due on the loan and then to-
4 ward the principal of the loan;

5 “(3) any interest due and not paid under para-
6 graph (2) shall be capitalized;

7 “(4) any principal due and not paid under
8 paragraph (2) shall be deferred;

9 “(5) the amount of time the borrower makes
10 monthly payments under paragraph (1) may exceed
11 10 years;

12 “(6) if the borrower no longer has a partial fi-
13 nancial hardship or no longer wishes to continue the
14 election under this subsection, then—

15 “(A) the maximum monthly payment re-
16 quired to be paid for all loans made to the bor-
17 rower under part B or D (other than an ex-
18 cepted PLUS loan) shall not exceed the month-
19 ly amount calculated under section
20 428(b)(9)(A)(i) or 455(d)(1)(A) when the bor-
21 rower first made the election described in this
22 subsection; and

23 “(B) the amount of time the borrower is
24 permitted to repay such loans may exceed 10
25 years;

1 “(7) the Secretary shall repay or cancel any
2 outstanding balance of principal and interest due on
3 all loans made under part B or D (other than a loan
4 under section 428B or a Federal Direct PLUS
5 Loan) to a borrower who—

6 “(A) is in deferment due to an economic
7 hardship described in section 435(o) for a pe-
8 riod of time prescribed by the Secretary, not to
9 exceed 20 years; or

10 “(B)(i) makes the election to participate in
11 income-based repayment under paragraph (1);
12 and

13 “(ii) for a period of time prescribed by the
14 Secretary, not to exceed 20 years (including any
15 period during which the borrower is in
16 deferment due to an economic hardship de-
17 scribed in section 435(o)), meets 1 or more of
18 the following requirements:

19 “(I) has made reduced monthly pay-
20 ments under paragraph (1);

21 “(II) has made monthly payments of
22 not less than the monthly amount cal-
23 culated under section 428(b)(9)(A)(i) or
24 455(d)(1)(A) when the borrower first made
25 the election described in this subsection;

1 “(III) has made payments under a
 2 standard repayment plan under section
 3 428(b)(9)(A)(i) or 455(d)(1)(A);

4 “(IV) has made payments under an
 5 income-contingent repayment plan under
 6 section 455(d)(1)(D); and

7 “(8) a borrower who is repaying a loan made
 8 under this part pursuant to income-based repayment
 9 may elect, at any time, to terminate repayment pur-
 10 suant to income-based repayment and repay such
 11 loan under the standard repayment plan.”.

12 (b) CONFORMING ICR AMENDMENT.—Section
 13 455(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)) is amended by
 14 inserting “made on behalf of a dependent student” after
 15 “PLUS loan”.

16 **SEC. 134. DEFINITION OF ECONOMIC HARDSHIP.**

17 Section 435(o) (20 U.S.C. 1085(o)) is amended—

18 (1) in paragraph (1)—

19 (A) in subparagraph (A)(ii)—

20 (i) by striking “100 percent of the
 21 poverty line for a family of 2” and insert-
 22 ing “150 percent of the poverty line appli-
 23 cable to the borrower’s family size”; and

24 (ii) by inserting “or” after the semi-
 25 colon;

1 (B) by striking subparagraph (B); and
 2 (C) by redesignating subparagraph (C) as
 3 subparagraph (B); and
 4 (2) in paragraph (2), by striking “(1)(C)” and
 5 inserting “(1)(B)”.

6 **SEC. 135. DEFERRALS.**

7 (a) FISL.—Section 427(a)(2)(C)(iii) (20 U.S.C.
 8 1077(a)(2)(C)(iii)) is amended by striking “not in excess
 9 of 3 years”.

10 (b) INTEREST SUBSIDIES.—Section 428(b)(1)(M)(iv)
 11 (20 U.S.C. 1078(b)(1)(M)(iv)) is amended by striking
 12 “not in excess of 3 years”.

13 (c) DIRECT LOANS.—Section 455(f)(2)(D) (20
 14 U.S.C. 1087e(f)(2)(D)) is amended by striking “not in ex-
 15 cess of 3 years”.

16 (d) PERKINS.—Section 464(c)(2)(A)(iv) (20 U.S.C.
 17 1087dd(c)(2)(A)(iv)) is amended by striking “not in ex-
 18 cess of 3 years”.

19 **SEC. 136. MAXIMUM REPAYMENT PERIOD.**

20 (a) IN GENERAL.—Section 455(e) (20 U.S.C.
 21 1087e(e)) is amended by adding at the end the following:

22 “(9) MAXIMUM REPAYMENT PERIOD.—In calcu-
 23 lating the extended period of time for which an in-
 24 come-contingent repayment plan under this sub-
 25 section may be in effect for a borrower, the Sec-

1 retary shall include all time periods during which a
2 borrower of loans under part B, part D, or part E—

3 “(A) is not in default on any loan that is
4 included in the income-contingent repayment
5 plan; and

6 “(B)(i) is in deferment due to an economic
7 hardship described in section 435(o);

8 “(ii) makes monthly payments under para-
9 graph (1) or (6) of section 493C(b); or

10 “(iii) makes payments under a standard
11 repayment plan described in section
12 428(b)(9)(A)(i) or subsection (d)(1)(A).”.

13 (b) TECHNICAL CORRECTION.—Section 455(d)(1)(C)
14 (20 U.S.C. 1087e(d)(1)(C)) is amended by striking
15 “428(b)(9)(A)(v)” and inserting “428(b)(9)(A)(iv)”.

16 **SEC. 137. DEFERRAL OF LOAN REPAYMENT FOLLOWING AC-**
17 **TIVE DUTY.**

18 Part G of title IV is amended by inserting after sec-
19 tion 484B (20 U.S.C. 1091b) the following new section:

20 **“SEC. 484C. DEFERRAL OF LOAN REPAYMENT FOLLOWING**
21 **ACTIVE DUTY.**

22 “(a) DEFERRAL OF LOAN REPAYMENT FOLLOWING
23 ACTIVE DUTY.—In addition to any deferral of repayment
24 of a loan made under this title pursuant to section
25 428(b)(1)(M)(iii), 455(f)(2)(C), or 464(c)(2)(A)(ii), a bor-

“(b) ACTIVE DUTY.—Notwithstanding section 481(d), in this section, 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—

16 “(1) does not include active duty for training or
17 attendance at a service school; but

18 “(2) includes, in the case of members of the
19 National Guard, active State duty.”.

20 **PART D—SUSTAINING THE PERKINS LOAN**
21 **PROGRAM**

22 SEC. 141. FEDERAL PERKINS LOANS.

23 Section 461(b) (20 U.S.C. 1087aa(b)) is amended by
24 adding at the end the following new paragraphs:

1 “(3) In addition to any amounts appropriated
2 pursuant to paragraph (1) or (2) of this subsection,
3 there shall be available to the Secretary for contribu-
4 tions to student loan funds established under part
5 E, from funds not otherwise appropriated,
6 \$100,000,000 for each of the fiscal years 2008
7 through 2012. The sum of the amount made avail-
8 able under this subsection for any such fiscal year,
9 plus the amount so appropriated for such fiscal year,
10 shall, for purposes of allocations under section 462,
11 be treated as the amount appropriated pursuant to
12 section 461(b) for such fiscal year.

13 “(4) The authority to make contributions to
14 student loan funds under this part shall expire at
15 the end of fiscal year 2012.”.

16 **TITLE II—REDUCING THE COST** 17 **OF COLLEGE**

18 **SEC. 201. CONSUMER INFORMATION AND PUBLIC AC-** 19 **COUNTABILITY IN HIGHER EDUCATION.**

20 Section 131 of the Higher Education Act of 1965 (20
21 U.S.C. 1015) is amended to read as follows:

1 **“SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-**
2 **COUNTABILITY IN HIGHER EDUCATION.**

3 “(a) COLLEGE OPPORTUNITY ON-LINE (COOL)
4 WEBSITE RE-DESIGN PROCESS.—In carrying out this
5 section, the Commissioner of Education Statistics—

6 “(1) shall identify the data elements related to
7 college costs that are of greatest importance to pro-
8 spective students, enrolled students, and their fami-
9 lies, paying particular attention to low-income, non-
10 traditional student populations, and first-generation
11 college students;

12 “(2) shall convene a group of individuals with
13 expertise the informational needs of prospective col-
14 lege students and parents to—

15 “(A) determine the relevance of particular
16 data elements to prospective students, enrolled
17 students, and families based upon the results of
18 opinion research; and

19 “(B) make recommendations regarding the
20 inclusion of specific data items and the most ef-
21 fective and least burdensome methods of col-
22 lecting and reporting useful data from institu-
23 tions of higher education; and

24 “(3) shall ensure that the redesigned COOL
25 website—

1 “(A) uses, to the extent practicable, data
2 elements currently provided by institutions of
3 higher education to the Secretary;

4 “(B) includes clear and uniform informa-
5 tion determined to be relevant to prospective
6 students, enrolled students, and families;

7 “(C) provides comparable information, by
8 ensuring that information is based on accepted
9 criteria and common definitions;

10 “(D) includes a sorting function that per-
11 mits users to customize their search for and
12 comparison of institutions of higher education
13 based on the information identified through the
14 process as prescribed in paragraph (1) as being
15 of greatest relevance to choosing an institution
16 of higher education.

17 “(b) DATA COLLECTION.—

18 “(1) DATA SYSTEM.—The Commissioner of
19 Education Statistics shall continue to redesign the
20 relevant parts of the Integrated Postsecondary Edu-
21 cation Data System to include additional data as re-
22 quired by this section and to continue to improve the
23 usefulness and timeliness of data collected by such
24 System in order to inform consumers about institu-
25 tions of higher education.

1 “(2) COLLEGE CONSUMER PROFILE.—The Sec-
2 retary shall continue to publish on the COOL
3 website, for each academic year and in accordance
4 with standard definitions developed by the Commis-
5 sioner of Education Statistics (including definitions
6 developed under section 131(a)(3)(A) as in effect on
7 the day before the date of enactment of the College
8 Cost Reduction Act of 2007), from at least all insti-
9 tutions of higher education participating in pro-
10 grams under title IV the following information:

11 “(A) The tuition and fees charged for a
12 first-time, full-time undergraduate student.

13 “(B) The room and board charges for a
14 first-time, full-time undergraduate student.

15 “(C) The cost of attendance for a first-
16 time, full-time undergraduate student, con-
17 sistent with the provisions of section 472.

18 “(D) The average amount of financial as-
19 sistance (including grant assistance) received by
20 a first-year, full-time undergraduate student.

21 “(E) The number and percentage of first-
22 time, full-time undergraduate students receiving
23 financial assistance (including grant assistance)
24 described in each clause of subparagraph (D).

1 “(F) Student enrollment information, in-
2 cluding information on the number and percent-
3 age of full-time and part-time students, and the
4 number and percentage of resident and non-
5 resident students.

6 “(G) Faculty-to-student ratios.

7 “(H) The total number of faculty and the
8 percentage of faculty who are full-time employ-
9 ees of the institution and the percentage who
10 are part-time.

11 “(I) Graduation rates calculated pursuant
12 to section 485(a)(1)(L), including rates
13 disaggregated by gender, by each major racial
14 and ethnic subgroup, and by income status, as
15 measured by receipt of Federal Pell Grants or
16 Federal subsidized student loans.

17 “(J) A link to the institution of higher
18 education with information of interest to stu-
19 dents including mission, accreditation, student
20 services (including services for students with
21 disabilities), transfer of credit policies, any ar-
22 ticulation agreements entered into by the insti-
23 tution.

24 “(K) The college affordability information
25 elements specified in subsection (d).

1 “(c) INFORMATION TO THE PUBLIC.—The Secretary
2 shall work with public and private entities to promote
3 broad public awareness, particularly among middle and
4 high school students and their families, of the information
5 made available under this section, including by distribu-
6 tion to students who participate in or receive benefits from
7 means-tested federally funded education programs and
8 other Federal programs determined by the Secretary.

9 “(d) COLLEGE AFFORDABILITY INFORMATION ELE-
10 MENTS.—The college affordability information elements
11 required by subsection (b)(2)(K) shall include, for each in-
12 stitution submitting data—

13 “(1) the sticker price of the institution for the
14 5 most recent academic years; and

15 “(2) the net tuition of the institution for the
16 most recent academic year for which data are avail-
17 able.

18 “(e) OUTCOMES AND ACTIONS.—

19 “(1) RESPONSE FROM INSTITUTION.—Effective
20 on June 30, 2011, an institution that increases its
21 sticker price at a percentage rate for any 3-year in-
22 terval ending on or after that date that exceeds two
23 times the rate of change in the higher education
24 price index over the same time period shall provide
25 a report to the Secretary. Such report shall be pub-

lished by the Secretary on the COOL website, and
shall include—

“(A) a description of the factors contributing to the increase in the institution’s costs and in the tuition and fees charged to students; and

“(B) if determinations of tuition and fee increases are not within the exclusive control of the institution, a description of the agency or instrumentality of State government or other entity that participates in such determinations and the authority exercised by such agency, instrumentality, or entity.

“(2) CONSEQUENCES FOR 2-YEAR CONTINUATION OF FAILURE.—If the Secretary determines that an institution that is subject to paragraph (1) has failed to reduce the subsequent increase in sticker price to equal to or below two times the rate of change in the higher education price index for 2 consecutive academic years subsequent to the 3-year interval used under paragraph (1), the Secretary shall place the institution on affordability alert status.

“(3) EXEMPTIONS.—Notwithstanding paragraph (2), an institution shall not be placed on affordability alert status if, for any 3-year interval for

1 which sticker prices are computed under paragraph
2 (1)—

3 “(A) with respect the class of institutions
4 described in paragraph (5) to which the institu-
5 tion belongs, the sticker price of the institution
6 is in the lowest quartile of institutions within
7 such class, as determined by the Secretary, dur-
8 ing the last year of such 3-year interval; or

9 “(B) the institution has a percentage
10 change in its sticker price computed under
11 paragraph (1) that exceeds two times the rate
12 of change in the higher education price index
13 over the same time period, but the dollar
14 amount of the sticker price increase is less than
15 \$500.

16 “(4) INFORMATION TO STATE AGENCIES.—Any
17 institution that reports under paragraph (1)(B) that
18 an agency or instrumentality of State government or
19 other entity participates in the determinations of tui-
20 tion and fee increases shall, prior to submitting any
21 information to the Secretary under this subsection,
22 submit such information to, and request the com-
23 ments and input of, such agency, instrumentality, or
24 entity. With respect to any such institution, the Sec-
25 retary shall provide a copy of any communication by

1 the Secretary with that institution to such agency,
2 instrumentality, or entity.

3 “(5) CLASSES OF INSTITUTIONS.—For purposes
4 of this subsection, the classes of institutions shall be
5 those sectors used by the Integrated Postsecondary
6 Education Data System, based on whether the insti-
7 tution is public, nonprofit private, or for-profit pri-
8 vate, and whether the institution has a 4-year, 2-
9 year, or less than 2-year program of instruction.

10 “(6) DATA REJECTION.—Nothing in this sub-
11 section shall be construed as allowing the Secretary
12 to reject the data submitted by an individual institu-
13 tion of higher education.

14 “(f) FINES.—In addition to actions authorized in sec-
15 tion 487(c), the Secretary may impose a fine in an amount
16 not to exceed \$25,000 on an institution of higher edu-
17 cation for failing to provide the information required by
18 this section in a timely and accurate manner, or for failing
19 to otherwise cooperate with the National Center for Edu-
20 cation Statistics regarding efforts to obtain data under
21 subsection (c) and pursuant to the program participation
22 agreement entered into under section 487.

23 “(g) REGULATIONS.—The Secretary is authorized to
24 issue such regulations as may be necessary to carry out
25 the provisions of this section.

1 “(h) DEFINITIONS.—For the purposes of this section:

2 “(1) NET TUITION.—The term ‘net tuition’
3 means the average tuition and fees charged to a full-
4 time undergraduate student by an institution of
5 higher education for any academic year, minus the
6 average grant amount received by such a student for
7 such academic year.

8 “(2) STICKER PRICE.—The term ‘sticker price’
9 means the average published tuition and fees
10 charged to a first-time, full-time, undergraduate stu-
11 dent by an institution of higher education for any
12 academic year.

13 “(3) HIGHER EDUCATION PRICE INDEX.—The
14 term ‘higher education price index’ means a statis-
15 tical measure of change over time in the prices of a
16 fixed market basket of goods and services purchased
17 by colleges and universities through current fund
18 educational and general expenditures (excluding ex-
19 penditures for research), as developed by the Bureau
20 of Labor Statistics.”.

1 **SEC. 202. COOPERATIVE EDUCATION REWARDS FOR INSTI-**
2 **TUTIONS THAT RESTRAIN TUITION IN-**
3 **CREASES.**

4 The Higher Education Act of 1965 (20 U.S.C. 1001
5 et seq.) is amended by adding at the end the following
6 title:

7 **“TITLE VIII—RESTRAINING**
8 **TUITION INCREASES**

9 **“PART A—COOPERATIVE EDUCATION**

10 **“SEC. 801. DEFINITION OF COOPERATIVE EDUCATION.**

11 “For the purpose of this title the term ‘cooperative
12 education’ means the provision of alternating or parallel
13 periods of academic study and public or private employ-
14 ment in order to give students work experiences related
15 to their academic or occupational objectives and an oppor-
16 tunity to earn the funds necessary for continuing and com-
17 pleting their education.

18 **“SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RES-**
19 **ERVATIONS.**

20 “(a) APPROPRIATIONS.—There shall be available to
21 the Secretary to carry out this title from funds not other-
22 wise appropriated \$15,000,000 for each of the fiscal years
23 2008 through 2012.

24 “(b) RESERVATIONS.—Of the amount appropriated
25 for each such fiscal year—

1 “(1) not less than 50 percent shall be available
2 for carrying out grants to institutions of higher edu-
3 cation and combinations of such institutions de-
4 scribed in section 803(a)(1)(A) for cooperative edu-
5 cation under section 803;

6 “(2) not less than 25 percent shall be available
7 for carrying out grants to institutions of higher edu-
8 cation described in section 803(a)(1)(B) for coopera-
9 tive education under section 803;

10 “(3) not more than 11 percent shall be avail-
11 able for demonstration projects under paragraph (1)
12 of section 804(a);

13 “(4) not more than 11 percent shall be avail-
14 able for training and resource centers under para-
15 graph (2) of section 804(a); and

16 “(5) not more than 3 percent shall be available
17 for research under paragraph (3) of section 804(a).

18 “(c) AVAILABILITY OF APPROPRIATIONS.—Appro-
19 priations under this title shall not be available for the pay-
20 ment of compensation of students for employment by em-
21 ployers under arrangements pursuant to this title.

22 “(d) SUNSET.—The authority to carry out this title
23 shall expire at the end of fiscal year 2012.

24 **“SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.**

25 “(a) GRANTS AUTHORIZED.—

1 “(1) IN GENERAL.—The Secretary is author-
2 ized—

3 “(A) from the amount available under sec-
4 tion 802(b)(1) in each fiscal year and in accord-
5 ance with the provisions of this title, to make
6 grants to institutions of higher education or
7 combinations of such institutions that have not
8 previously received a grant under this para-
9 graph to pay the Federal share of the cost of
10 planning, establishing, expanding, or carrying
11 out programs of cooperative education by such
12 institutions or combinations of institutions; and

13 “(B) from the amount available under sec-
14 tion 802(b)(2) in each fiscal year and in accord-
15 ance with the provisions of this title, to make
16 grants to institutions of higher education that
17 are operating an existing cooperative education
18 program (as determined by the Secretary) to
19 pay the cost of planning, establishing, expand-
20 ing, or carrying out programs of cooperative
21 education by such institutions.

22 “(2) PROGRAM REQUIREMENT.—Cooperative
23 education programs assisted under this section shall
24 provide alternating or parallel periods of academic
25 study and of public or private employment, giving

1 students work experience related to their academic
2 or occupational objectives and the opportunity to
3 earn the funds necessary for continuing and com-
4 pleting their education.

5 “(3) AMOUNT OF GRANTS.—

6 “(A) The amount of each grant awarded
7 pursuant to paragraph (1)(A) to any institution
8 of higher education or combination of such in-
9 stitutions in any fiscal year shall not exceed
10 \$500,000.

11 “(B)(i) Except as provided in clauses (ii)
12 and (iii), the Secretary shall award grants in
13 each fiscal year to each institution of higher
14 education described in paragraph (1)(B) that
15 has an application approved under subsection
16 (b) in an amount which bears the same ratio to
17 the amount reserved pursuant to section
18 802(b)(2) for such fiscal year as the number of
19 unduplicated students placed in cooperative
20 education jobs during the preceding fiscal year
21 (other than cooperative education jobs under
22 section 804 and as determined by the Sec-
23 retary) by such institution of higher education
24 bears to the total number of all such students

1 placed in such jobs during the preceding fiscal
2 year by all such institutions.

3 “(ii) No institution of higher education
4 shall receive a grant pursuant to paragraph
5 (1)(B) in any fiscal year in an amount which
6 exceeds 25 percent of such institution’s cooper-
7 ative education program’s personnel and oper-
8 ating budget for the preceding fiscal year.

9 “(iii) The minimum annual grant amount
10 which an institution of higher education is eligi-
11 ble to receive under paragraph (1)(B) is \$1,000
12 and the maximum annual grant amount is
13 \$75,000.

14 “(4) LIMITATION.—The Secretary shall not
15 award grants pursuant to paragraphs (1)(A) and
16 (1)(B) to the same institution of higher education or
17 combination of such institution in any one fiscal
18 year.

19 “(5) USES.—Grants under paragraph (1)(B)
20 shall be used exclusively—

21 “(A) to expand the quality and participa-
22 tion of a cooperative education program;

23 “(B) for outreach in new curricular areas;
24 and

1 “(C) for outreach to potential participants
2 including underrepresented and nontraditional
3 populations.

4 “(b) APPLICATIONS.—Each institution of higher edu-
5 cation or combination of such institutions desiring to re-
6 ceive a grant under this section shall submit an application
7 to the Secretary at such time and in such manner as the
8 Secretary shall prescribe. Each such application shall—

9 “(1) set forth the program or activities for
10 which a grant is authorized under this section;

11 “(2) specify each portion of such program or
12 activities which will be performed by a nonprofit or-
13 ganization or institution other than the applicant,
14 and the compensation to be paid for such perform-
15 ance;

16 “(3) provide that the applicant will expend dur-
17 ing such fiscal year for the purpose of such program
18 or activities not less than the amount expended for
19 such purpose during the previous fiscal year;

20 “(4) describe the plans which the applicant will
21 carry out to assure, and contain a formal statement
22 of the institution’s commitment which assures, that
23 the applicant will continue the cooperative education
24 program beyond the 5-year period of Federal assist-
25 ance described in subsection (c)(1) at a level which

1 is not less than the total amount expended for such
2 program during the first year such program was as-
3 sisted under this section;

4 “(5) provide that, in the case of an institution
5 of higher education that provides a 2-year program
6 which is acceptable for full credit toward a bach-
7 elor’s degree, the cooperative education program will
8 be available to students who are certificate or asso-
9 ciate degree candidates and who carry at least one-
10 half the normal full-time academic workload;

11 “(6) provide that the applicant will—

12 “(A) for each fiscal year for which the ap-
13 plicant receives a grant, make such reports with
14 respect to the impact of the cooperative edu-
15 cation program in the previous fiscal year as
16 may be essential to ensure that the applicant is
17 complying with the provisions of this section,
18 including—

19 “(i) the number of unduplicated stu-
20 dent applicants in the cooperative edu-
21 cation program;

22 “(ii) the number of unduplicated stu-
23 dents placed in cooperative education jobs;

24 “(iii) the number of employers who
25 have hired cooperative education students;

1 “(iv) the average income for students
2 derived from working in cooperative edu-
3 cation jobs; and

4 “(v) the increase or decrease in the
5 number of unduplicated students placed in
6 cooperative education jobs in each fiscal
7 year compared to the previous fiscal year;
8 and

9 “(B) keep such records as are essential to
10 ensure that the applicant is complying with the
11 provisions of this title, including the notation of
12 cooperative education employment on the stu-
13 dent’s transcript;

14 “(7) describe the extent to which programs in
15 the academic discipline for which the application is
16 made have had a favorable reception by public and
17 private sector employers;

18 “(8) describe the extent to which the institution
19 is committed to extending cooperative education on
20 an institution-wide basis for all students who can
21 benefit;

22 “(9) describe the plans that the applicant will
23 carry out to evaluate the applicant’s cooperative edu-
24 cation program at the end of the grant period;

1 “(10) provide for such fiscal control and fund
2 accounting procedures as may be necessary to assure
3 proper disbursement of, and accounting for, Federal
4 funds paid to the applicant under this title;

5 “(11) demonstrate a commitment to serving all
6 underserved populations; and

7 “(12) include such other information as is es-
8 sential to carry out the provisions of this title.

9 “(c) DURATION OF GRANTS; FEDERAL SHARE.—

10 “(1) DURATION OF GRANTS.—No individual in-
11 stitution of higher education may receive, individ-
12 ually or as a participant in a combination of such in-
13 stitutions—

14 “(A) a grant pursuant to subsection
15 (a)(1)(A) for more than 5 fiscal years; or

16 “(B) a grant pursuant to subsection
17 (a)(1)(B) for more than 5 fiscal years.

18 “(2) FEDERAL SHARE.—The Federal share of a
19 grant under section 803(a)(1)(A) may not exceed—

20 “(A) 85 percent of the cost of carrying out
21 the program or activities described in the appli-
22 cation in the first year the applicant receives a
23 grant under this section;

24 “(B) 70 percent of such cost in the second
25 such year;

1 “(C) 55 percent of such cost in the third
2 such year;

3 “(D) 40 percent of such cost in the fourth
4 such year; and

5 “(E) 25 percent of such cost in the fifth
6 such year.

7 “(3) SPECIAL RULE.—Any provision of law to
8 the contrary notwithstanding, the Secretary shall not
9 waive the provisions of this subsection.

10 “(d) MAINTENANCE OF EFFORT.—If the Secretary
11 determines that a recipient of funds under this section has
12 failed to maintain the fiscal effort described in subsection
13 (b)(3), then the Secretary may elect not to make grant
14 payments under this section to such recipient.

15 **“SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS;**
16 **TRAINING AND RESOURCE CENTERS; AND RE-**
17 **SEARCH.**

18 “(a) AUTHORIZATION.—The Secretary is authorized,
19 in accordance with the provisions of this section, to make
20 grants and enter into contracts—

21 “(1) from the amounts available in each fiscal
22 year under section 802(b)(3), for the conduct of
23 demonstration projects designed to demonstrate or
24 determine the feasibility or value of innovative meth-
25 ods of cooperative education;

1 “(2) from the amounts available in each fiscal
2 year under section 802(b)(4), for the conduct of
3 training and resource centers designed to—

4 “(A) train personnel in the field of cooper-
5 ative education;

6 “(B) improve materials used in cooperative
7 education programs if such improvement is con-
8 ducted in conjunction with other activities de-
9 scribed in this paragraph;

10 “(C) furnish technical assistance to institu-
11 tions of higher education to increase the poten-
12 tial of the institution to continue to conduct a
13 cooperative education program without Federal
14 assistance;

15 “(D) encourage model cooperative edu-
16 cation programs which furnish education and
17 training in occupations in which there is a na-
18 tional need;

19 “(E) support partnerships under which an
20 institution carrying out a comprehensive cooper-
21 ative education program joins with one or more
22 institutions of higher education in order to—

23 “(i) assist the institutions other than
24 the comprehensive cooperative education

1 institution to develop and expand an exist-
2 ing program of cooperative education; or

3 “(ii) establish and improve or expand
4 comprehensive cooperative education pro-
5 grams; and

6 “(F) encourage model cooperative edu-
7 cation programs in the fields of science and
8 mathematics for women and minorities who are
9 underrepresented in such fields; and

10 “(3) from the amounts available in each fiscal
11 year under section 802(b)(5), for the conduct of re-
12 search relating to cooperative education.

13 “(b) ADMINISTRATIVE PROVISION.—

14 “(1) IN GENERAL.—To carry out this section,
15 the Secretary may—

16 “(A) make grants to or contracts with in-
17 stitutions of higher education, or combinations
18 of such institutions; and

19 “(B) make grants to or contracts with
20 other public or private nonprofit agencies or or-
21 ganizations, whenever such grants or contracts
22 will make an especially significant contribution
23 to attaining the objectives of this section.

24 “(2) LIMITATION.—

1 “(A) The Secretary may not use more than
 2 3 percent of the amount appropriated to carry
 3 out this section in each fiscal year to make
 4 grants or enter into contracts described in para-
 5 graph (1)(A).

6 “(B) The Secretary may use not more
 7 than 3 percent of the amount appropriated to
 8 carry out this section in each fiscal year to
 9 make grants or enter into contracts described in
 10 paragraph (1)(B).

11 “(c) SUPPLEMENT NOT SUPPLANT.—A recipient of
 12 a grant or contract under this section may use the funds
 13 provided only to supplement and, to the extent possible,
 14 increase the level of funds that would, in the absence of
 15 such funds, be made available from non-Federal sources
 16 to carry out the activities supported by such grant or con-
 17 tract, and in no case to supplant such funds from non-
 18 Federal sources.

19 **“PART B—LOW TUITION**

20 **“SEC. 811. INCENTIVES AND REWARDS FOR LOW TUITION.**

21 “(a) REWARDS FOR LOW TUITION.—

22 “(1) COMPETITIVE GRANTS.—The Secretary
 23 shall award grants on a competitive basis to institu-
 24 tions of higher education that, for academic year
 25 2008–2009 or any succeeding academic year, have

1 an annual net tuition increase (expressed as a per-
2 centage) for the most recent academic year for
3 which satisfactory data is available that is equal to
4 or less than the percentage change in the higher
5 education price index for such academic year.

6 “(2) USE OF FUNDS.—Funds awarded to an in-
7 stitution of higher education under paragraph (1)
8 shall be distributed by the institution in the form of
9 need-based grant aid to students who are eligible for
10 Federal Pell Grants, except that no student shall re-
11 ceive an amount under this section that would cause
12 the amount of total financial aid received by such
13 student to exceed the cost of attendance of the insti-
14 tution.

15 “(b) REWARDS FOR GUARANTEED TUITION.—

16 “(1) BONUS.—For each institution of higher
17 education that the Secretary of Education deter-
18 mines complies with the requirements of paragraph
19 (2) or (3) of this subsection, the Secretary shall pro-
20 vide to such institution a bonus amount. Such insti-
21 tution shall award the bonus amount first to stu-
22 dents who are eligible for Federal Pell Grants who
23 were in attendance at the institution during the
24 award year that such institution satisfied the eligi-
25 bility criteria for maintaining low tuition and fees,

1 then to students who are eligible for Federal Pell
2 Grants who were not in attendance at the institution
3 during such award year, in the form of need-based
4 aid.

5 “(2) 4-YEAR INSTITUTIONS.—An institution of
6 higher education that provides a program of instruc-
7 tion for which it awards a bachelor’s degree complies
8 with the requirements of this paragraph if such in-
9 stitution guarantees that for any academic year be-
10 ginning on or after July 1, 2008, and for each of the
11 4 succeeding continuous academic years, the net tui-
12 tion charged to an undergraduate student will not
13 exceed—

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

18 “(B) the product of the percentage in-
19 crease in the higher education price index for
20 the prior academic year, or the most recent
21 prior academic year for which data is available,
22 multiplied by the amount determined under
23 subparagraph (A).

24 “(3) LESS-THAN 4-YEAR INSTITUTIONS.—An
25 institution of higher education that does not provide

1 a program of instruction for which it awards a bach-
2 elor's degree complies with the requirements of this
3 paragraph if such institution guarantees that for
4 any academic year (or the equivalent) beginning on
5 or after July 1, 2008, and for each of the 1.5 suc-
6 ceeding continuous academic years, the net tuition
7 charged to an undergraduate student will not ex-
8 ceed—

9 “(A) the amount that the student was
10 charged for an academic year at the time he or
11 she first enrolled in the institution of higher
12 education, plus

13 “(B) the product of the percentage in-
14 crease in the higher education price index for
15 the prior academic year, or the most recent
16 prior academic year for which data is available,
17 multiplied by the amount determined under
18 subparagraph (A).

19 “(c) MAINTAINING AFFORDABLE TUITION.—

20 “(1) INSTITUTION REPORTS.—If an institution
21 of higher education has an increase in annual net
22 tuition (expressed as a percentage), for the most re-
23 cent academic year for which satisfactory data is
24 available, that is greater than the percentage in-
25 crease in the higher education price index for such

1 academic year, the institution is required to submit
2 to the Secretary the following information, within 6
3 months of such determination—

4 “(A) a report on the factors contributing
5 to the increase in the institution’s costs and the
6 increase in net tuition and fees charged to stu-
7 dents, including identification of the major
8 areas in the institution’s budget with the great-
9 est cost increases;

10 “(B) the institution’s 3 most recent Form
11 990s submitted to the Internal Revenue Serv-
12 ice, as required under section 6033 of the Inter-
13 nal Revenue Code of 1986;

14 “(C) a description of the major areas of
15 expenditures in the institution’s budget with the
16 greatest increase for such academic year; and

17 “(D) voluntary actions being taken by the
18 institution to reduce net tuition.

19 “(2) REPORT TO CONGRESS.—The Secretary
20 shall compile the information submitted under this
21 subsection and shall provide to the relevant author-
22 izing committees an annual report relating to such
23 information.

24 “(d) PRIORITY.—In awarding incentives and rewards
25 under this section, the Secretary shall give priority to in-

stitutions of higher education with the lowest annual net tuition increase for the most recent academic year for which satisfactory data is available, when compared with other institutions of higher education with annual net tuition increases that are equal to or less than the higher education price index for such academic year.

“(e) EXEMPTIONS.—An institution shall still be eligible to receive rewards under subsections (a) and (b), and will not be penalized under subsection (c) if, for any 2-year interval for which net tuition is computed under such subsections—

“(1) with respect to the class of institutions described in section 131(d)(5) to which the institution belongs, the net tuition of the institution is in the lowest quartile of institutions within such class, as determined by the Secretary, during the last year of such 2-year interval; or

“(2) the institution has a percentage change in its net tuition computed under subsection (a) or (c) that exceeds the rate of change in the higher education price index (as defined in section 401B(d)) over the same time period, but the dollar amount of the net tuition increase is less than \$500.

“(f) DEFINITIONS.—

1 “(1) NET TUITION.—The term ‘net tuition’ has
2 the same meaning as provided in section 131(h).

3 “(2) HIGHER EDUCATION PRICE INDEX.—The
4 term ‘higher education price index’ has the same
5 meaning as provided in section 131(h).

6 “(g) FUNDING.—There shall be available to the Sec-
7 retary to carry out this section, from funds not otherwise
8 appropriated, \$15,000,000 for each of the fiscal years
9 2008 through 2012.

10 “(h) SUNSET.—The authority to carry out this sec-
11 tion shall expire at the end of fiscal year 2012.”.

12 **TITLE III—ENSURING A HIGHLY** 13 **QUALIFIED TEACHER IN** 14 **EVERY CLASSROOM**

15 **PART A—TEACH GRANTS**

16 **SEC. 301. TEACH GRANTS.**

17 Part A of title IV (20 U.S.C. 1070a et seq.) is
18 amended by adding at the end the following new subpart:

19 **“Subpart 9—TEACH Grants**

20 **“SEC. 420L. PROGRAM ESTABLISHED.**

21 “(a) PROGRAM AUTHORITY.—

22 “(1) PAYMENTS REQUIRED.—The Secretary
23 shall pay to each eligible institution such sums as
24 may be necessary to pay to each eligible student (de-
25 fined in accordance with section 484) who files an

1 application and agreement in accordance with sec-
2 tion 420M, and who qualifies—

3 “(A) under paragraph (2) of section
4 420M(a), a TEACH Grant in the amount of
5 \$4,000 for each academic year during which
6 that student is in attendance at the institution;
7 and

8 “(B) under paragraphs (2) and (3) of sec-
9 tion 420M(a), a Bonus TEACH Grant in the
10 amount of \$500 (in addition to the amount of
11 the TEACH Grant under subparagraph (A))
12 for each academic year during which that stu-
13 dent so qualifies.

14 “(2) REFERENCE.—Grants made under—

15 “(A) paragraph (1)(A) shall be known as
16 ‘Teacher Education Assistance for College and
17 Higher Education Grants’ or ‘TEACH Grants’;
18 and

19 “(B) paragraph (1)(B) shall be known as
20 Bonus TEACH Grants.

21 “(b) PAYMENT METHODOLOGY.—

22 “(1) PREPAYMENT.—Not less than 85 percent
23 of any funds provided to an institution under sub-
24 section (a) shall be advanced to eligible institutions
25 prior to the start of each payment period and shall

1 be based upon an amount requested by the institu-
2 tion as needed to pay eligible students until such
3 time as the Secretary determines and publishes in
4 the Federal Register with an opportunity for com-
5 ment, an alternative payment system that provides
6 payments to institutions in an accurate and timely
7 manner, except that this sentence shall not be con-
8 strued to limit the authority of the Secretary to
9 place an institution on a reimbursement system of
10 payment.

11 “(2) DIRECT PAYMENT.—Nothing in this sec-
12 tion shall be interpreted to prohibit the Secretary
13 from paying directly to students, in advance of the
14 beginning of the academic term, an amount for
15 which they are eligible, in cases where the eligible in-
16 stitution elects not to participate in the disburse-
17 ment system required by paragraph (1).

18 “(3) DISTRIBUTION OF GRANTS TO STU-
19 DENTS.—Payments under this subpart shall be
20 made, in accordance with regulations promulgated
21 by the Secretary for such purpose, in such manner
22 as will best accomplish the purposes of this subpart.
23 Any disbursement allowed to be made by crediting
24 the student’s account shall be limited to tuition and
25 fees and, in the case of institutionally-owned hous-

1 ing, room and board. The student may elect to have
2 the institution provide other such goods and services
3 by crediting the student's account.

4 “(c) REDUCTIONS IN AMOUNT.—

5 “(1) PART-TIME STUDENTS.—In any case
6 where a student attends an institution of higher edu-
7 cation on less than a full-time basis (including a stu-
8 dent who attends an institution of higher education
9 on less than a half-time basis) during any academic
10 year, the amount of a grant under this subpart for
11 which that student is eligible shall be reduced in
12 proportion to the degree to which that student is not
13 attending on a full-time basis, in accordance with a
14 schedule of reductions established by the Secretary
15 for the purposes of this subpart, computed in ac-
16 cordance with this subpart. Such schedule of reduc-
17 tions shall be established by regulation and pub-
18 lished in the Federal Register in accordance with
19 section 482 of this Act.

20 “(2) NO EXCEEDING COST.—The amount of a
21 grant awarded under this subpart, in combination
22 with Federal assistance and other student assist-
23 ance, shall not exceed the cost of attendance (as de-
24 fined in section 472) at the institution at which that
25 student is in attendance. If, with respect to any stu-

dent, it is determined that the amount of a TEACH Grant or a Bonus TEACH Grant exceeds the cost of attendance for that year, the amount of the TEACH Grant or Bonus TEACH Grant, respectively, shall be reduced until such grant does not exceed the cost of attendance at such institution.

“(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

“(1) UNDERGRADUATE AND POST-BACCALAUREATE STUDENTS.—The period during which an undergraduate or post-baccalaureate student may receive grants under this subpart shall be the period required for the completion of the first undergraduate baccalaureate or post-baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that—

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

“(B) the total amount that a student may receive under this subpart for undergraduate or post-baccalaureate study shall not exceed \$16,000 with respect to a student who receives only TEACH Grants, and \$18,000 with respect

1 to a student who receives TEACH Grants and
2 Bonus TEACH Grants.

3 “(2) GRADUATE STUDENTS.—The period dur-
4 ing which a graduate student may receive grants
5 under this subpart shall be the period required for
6 the completion of a master’s degree course of study
7 being pursued by that student at the institution at
8 which the student is in attendance, except that the
9 total amount that a student may receive under this
10 subpart for graduate study shall not exceed \$8,000
11 with respect to a student who receives only TEACH
12 Grants, and \$10,000 with respect to a student who
13 receives TEACH Grants and Bonus TEACH
14 Grants.

15 “(3) REMEDIAL COURSE; STUDY ABROAD.—
16 Nothing in this section shall exclude from eligibility
17 courses of study which are noncredit or remedial in
18 nature (including courses in English language acqui-
19 sition) which are determined by the institution to be
20 necessary to help the student be prepared for the
21 pursuit of a first undergraduate baccalaureate or
22 post-baccalaureate degree or certificate or, in the
23 case of courses in English language instruction, to
24 be necessary to enable the student to utilize already
25 existing knowledge, training, or skills. Nothing in

1 this section shall exclude from eligibility programs of
2 study abroad that are approved for credit by the
3 home institution at which the student is enrolled.

4 **“SEC. 420M. ELIGIBILITY; APPLICATIONS.**

5 “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-
6 BILITY.—

7 “(1) FILING REQUIRED.—The Secretary shall
8 from time to time set dates by which students shall
9 file applications for grants under this subpart. Each
10 student desiring a grant under this subpart for any
11 year shall file an application containing such infor-
12 mation and assurances as the Secretary may deem
13 necessary to enable the Secretary to carry out the
14 functions and responsibilities of this subpart.

15 “(2) DEMONSTRATION OF TEACH GRANT ELIGI-
16 BILITY.—Each application submitted under para-
17 graph (1) for a TEACH Grant shall contain such in-
18 formation as is necessary to demonstrate that—

19 “(A) if the applicant is an enrolled stu-
20 dent—

21 “(i) the student is an eligible student
22 for purposes of section 484;

23 “(ii) the student—

24 “(I) has a grade point average
25 that is determined, under standards

1 prescribed by the Secretary, to be
2 comparable to a 3.25 average on a
3 zero to 4.0 scale, except that, if the
4 student is in the first year of a pro-
5 gram of undergraduate education,
6 such grade point average shall be de-
7 termined on the basis of the student's
8 cumulative high school grade point av-
9 erage; or

10 “(II) displayed high academic ap-
11 titude by receiving a score above the
12 75th percentile on at least one of the
13 batteries in an undergraduate, post-
14 baccalaureate, or graduate school ad-
15 missions test; and

16 “(iii) the student is completing
17 coursework and other requirements nec-
18 essary to begin a career in teaching, or
19 plans to complete such coursework and re-
20 quirements prior to graduating; or

21 “(B) if the applicant is a current or pro-
22 spective teacher applying for a grant to obtain
23 a graduate degree—

24 “(i) the applicant is a teacher or a re-
25 tiree from another occupation with exper-

1 tise in a field in which there is a shortage
 2 of teachers, such as math, science, special
 3 education, English language acquisition, or
 4 another high-need subject; or

5 “(ii) the applicant is or was a teacher
 6 who is using high-quality alternative cer-
 7 tification routes, such as Teach for Amer-
 8 ica, to get certified.

9 “(3) DEMONSTRATION OF BONUS TEACH GRANT
 10 ELIGIBILITY.—Each application submitted under
 11 paragraph (1) for a Bonus TEACH Grant shall con-
 12 tain such information as is necessary to demonstrate
 13 that the applicant is—

14 “(A) eligible for, and has applied for, a
 15 TEACH Grant; and

16 “(B) a student enrolled in a qualified
 17 teacher preparation program, as defined in sec-
 18 tion 420N.

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

22 “(1) the applicant will—

23 “(A) serve as a full-time teacher for a total
 24 of not less than 4 academic years within 8
 25 years after completing the course of study for

1 which the applicant received a TEACH Grant
2 under this subpart;

3 “(B) teach in a school described in section
4 465(a)(2)(A);

5 “(C) with respect to an applicant for—

6 “(i) TEACH Grants, teach in any of
7 the following fields: mathematics, science,
8 a foreign language, bilingual education, or
9 special education, or as a reading spe-
10 cialist, or another field documented as
11 high-need by the Federal Government,
12 State government, or local education agen-
13 cy and approved by the Secretary; or

14 “(ii) TEACH Grants and Bonus
15 TEACH Grants, teach mathematics,
16 science, or a science-related field;

17 “(D) submit evidence of such employment
18 in the form of a certification by the chief ad-
19 ministrative officer of the school upon comple-
20 tion of each year of such service; and

21 “(E) comply with the requirements for
22 being a highly qualified teacher as defined in
23 section 9101 of the Elementary and Secondary
24 Education Act of 1965; and

1 “(2) in the event that the applicant is deter-
2 mined to have failed or refused to carry out such
3 service obligation, the sum of the amounts of any
4 TEACH Grants and Bonus TEACH Grants received
5 by such applicant will be treated as a loan and col-
6 lected from the applicant in accordance with sub-
7 section (c) and the regulations thereunder.

8 “(c) REPAYMENT FOR FAILURE TO COMPLETE
9 SERVICE.—In the event that any recipient of a grant
10 under this subpart fails or refuses to comply with the serv-
11 ice obligation in the agreement under subsection (b), the
12 sum of the amounts of any TEACH Grants and Bonus
13 TEACH Grants received by such recipient shall be treated
14 as a Direct Loan under part D of title IV, and shall be
15 subject to repayment, together with interest thereon ac-
16 cruing after the period of service, in accordance with terms
17 and conditions specified by the Secretary in regulations
18 under this subpart.

19 **“SEC. 420N. DEFINITIONS.**

20 “For the purposes of this subpart:

21 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
22 ble institution’ means an institution of higher edu-
23 cation, as defined in section 102, that the Secretary
24 determines—

1 “(A) provides high quality teacher prepara-
2 tion and professional development services, in-
3 cluding extensive clinical experience as a part of
4 pre-service preparation;

5 “(B) is financially sound;

6 “(C) provides pedagogical course work, or
7 assistance in the provision of such coursework,
8 including the monitoring of student perform-
9 ance, and formal instruction related to the the-
10 ory and practices of teaching; and

11 “(D) provides supervision and support
12 services to teachers, or assistance in the provi-
13 sion of such services, including mentoring fo-
14 cused on developing effective teaching skills and
15 strategies.

16 “(2) QUALIFIED TEACHER PREPARATION PRO-
17 GRAM.—The term ‘qualified teacher preparation pro-
18 gram’ means a program for students and teachers
19 described in subparagraph (A) or (B) of section
20 420M(a)(2) (referred to jointly in this paragraph as
21 ‘teacher candidates’) that—

22 “(A) recruits and prepares teacher can-
23 didates who major in science, technology fields,
24 special education, foreign language, engineer-
25 ing, or mathematics disciplines to become cer-

1 tified as elementary and secondary teachers in
2 those disciplines, special education teachers, or
3 teachers of English Language Learners, with
4 the goals of improving teacher knowledge and
5 effectiveness and increasing elementary and sec-
6 ondary student academic achievement;

7 “(B) is implemented by an institution of
8 higher education in partnership with high-need
9 local educational agencies and schools;

10 “(C) offers a baccalaureate degree, post-
11 baccalaureate teacher credential, or graduate
12 degree with a concurrent teacher certification to
13 teacher candidates;

14 “(D) is implemented in coordination with
15 the faculty of the relevant departments of the
16 institution of higher education;

17 “(E) utilizes experienced teachers who
18 have a demonstrated record of success in teach-
19 ing underserved students to instruct teacher
20 candidates in the disciplines described in sub-
21 paragraph (A);

22 “(F) provides teacher candidates with—

23 “(i) support services, including men-
24 toring by experienced teachers who have a

1 demonstrated record of success in teaching
2 underserved students;

3 “(ii) exposure to, and field experience
4 in, the classroom within the first year of
5 entering the qualified teacher preparation
6 program; and

7 “(iii) other related support practices
8 while the teacher candidates are partici-
9 pating in the program, and after such can-
10 didates graduate from the institution of
11 higher education and are employed as
12 teachers;

13 “(G) participates in partnerships which in-
14 clude the institution of higher education and
15 local educational agencies and charter districts
16 to provide opportunities for teacher candidate
17 field work;

18 “(H) focuses on increasing the number of
19 teachers in the disciplines described in subpara-
20 graph (A); and

21 “(I) encourages individuals from underrep-
22 resented populations to enter into the teaching
23 profession.

24 “(3) POST-BACCALAUREATE.—The term ‘post-
25 baccalaureate’ means a program of instruction that

1 does not lead to a graduate degree, and that consists
 2 of courses required by a State in order for the stu-
 3 dent to receive a professional certification or licens-
 4 ing credential that is required for employment as a
 5 teacher in an elementary school or secondary school
 6 in that State, except that such term shall not in-
 7 clude any program of instruction offered by an insti-
 8 tution of higher education that offers a bacca-
 9 laurate degree in education.

10 **“SEC. 4200. PROGRAM PERIOD AND FUNDING.**

11 “There shall be available to the Secretary to carry
 12 out this subpart, from funds not otherwise appropriated,
 13 such sums as may be necessary to provide TEACH Grants
 14 and Bonus TEACH Grants in accordance with this sub-
 15 part to each eligible applicant.”.

16 **PART B—CENTERS OF EXCELLENCE**

17 **SEC. 311. CENTERS OF EXCELLENCE.**

18 Title II (20 U.S.C. 1021 et seq.) is amended by add-
 19 ing at the end the following:

20 **“PART C—CENTERS OF EXCELLENCE**

21 **“SEC. 231. DEFINITIONS.**

22 “As used in this part:

23 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
 24 ble institution’ means—

1 “(A) an institution of higher education
2 that has a teacher preparation program that
3 meets the requirements of section 203(b)(2) and
4 that is—

5 “(i) a part B institution (as defined in
6 section 322);

7 “(ii) a Hispanic-serving institution (as
8 defined in section 502);

9 “(iii) a Tribal College or University
10 (as defined in section 316);

11 “(iv) an Alaska Native-serving institu-
12 tion (as defined in section 317(b)); or

13 “(v) a Native Hawaiian-serving insti-
14 tution (as defined in section 317(b));

15 “(B) a consortium of institutions described
16 in subparagraph (A); or

17 “(C) an institution described in subpara-
18 graph (A), or a consortium described in sub-
19 paragraph (B), in partnership with any other
20 institution of higher education, but only if the
21 center of excellence established under section
22 232 is located at an institution described in
23 subparagraph (A).

24 “(2) HIGHLY QUALIFIED.—The term ‘highly
25 qualified’ when used with respect to an individual

1 means that the individual is highly qualified as de-
2 termined under section 9101 of the Elementary and
3 Secondary Education Act of 1965 (20 U.S.C. 7801)
4 or section 602 of the Individuals with Disabilities
5 Education Act (20 U.S.C. 1401).

6 “(3) SCIENTIFICALLY BASED READING RE-
7 SEARCH.—The term ‘scientifically based reading re-
8 search’ has the meaning given such term in section
9 1208 of the Elementary and Secondary Education
10 Act of 1965 (20 U.S.C. 6368).

11 “(4) SCIENTIFICALLY BASED RESEARCH.—The
12 term ‘scientifically based research’ has the meaning
13 given such term in section 9101 of the Elementary
14 and Secondary Education Act of 1965 (20 U.S.C.
15 7801).

16 **“SEC. 232. CENTERS OF EXCELLENCE.**

17 “(a) PROGRAM AUTHORIZED.—From the amounts
18 appropriated to carry out this part, the Secretary is au-
19 thorized to award competitive grants to eligible institu-
20 tions to establish centers of excellence.

21 “(b) USE OF FUNDS.—Grants provided by the Sec-
22 retary under this part shall be used to ensure that current
23 and future teachers are highly qualified, by carrying out
24 one or more of the following activities:

1 “(1) Implementing reforms within teacher prep-
2 aration programs to ensure that such programs are
3 preparing teachers who are highly qualified, are able
4 to understand scientifically based research, and are
5 able to use advanced technology effectively in the
6 classroom, including use for instructional techniques
7 to improve student academic achievement, by—

8 “(A) retraining faculty; and

9 “(B) designing (or redesigning) teacher
10 preparation programs that—

11 “(i) prepare teachers to close student
12 achievement gaps, are based on rigorous
13 academic content, scientifically based re-
14 search (including scientifically based read-
15 ing research), and challenging State stu-
16 dent academic content standards; and

17 “(ii) promote strong teaching skills.

18 “(2) Providing sustained and high-quality
19 preservice clinical experience, including the men-
20 toring of prospective teachers by exemplary teachers,
21 substantially increasing interaction between faculty
22 at institutions of higher education and new and ex-
23 perienced teachers, principals, and other administra-
24 tors at elementary schools or secondary schools, and

1 providing support, including preparation time, for
2 such interaction.

3 “(3) Developing and implementing initiatives to
4 promote retention of highly qualified teachers and
5 principals, including minority teachers and prin-
6 cipals, including programs that provide—

7 “(A) teacher or principal mentoring from
8 exemplary teachers or principals; or

9 “(B) induction and support for teachers
10 and principals during their first 3 years of em-
11 ployment as teachers or principals, respectively.

12 “(4) Awarding scholarships based on financial
13 need to help students pay the costs of tuition, room,
14 board, and other expenses of completing a teacher
15 preparation program.

16 “(5) Disseminating information on effective
17 practices for teacher preparation and successful
18 teacher certification and licensure assessment prepa-
19 ration strategies.

20 “(6) Activities authorized under sections 202,
21 203, and 204.

22 “(c) APPLICATION.—Any eligible institution desiring
23 a grant under this section shall submit an application to
24 the Secretary at such a time, in such a manner, and ac-

1 complicated by such information as the Secretary may re-
2 quire.

3 “(d) MINIMUM GRANT AMOUNT.—The minimum
4 amount of each grant under this part shall be \$500,000.

5 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
6 An eligible institution that receives a grant under this part
7 may not use more than 2 percent of the grant funds for
8 purposes of administering the grant.

9 “(f) REGULATIONS.—The Secretary shall prescribe
10 such regulations as may be necessary to carry out this
11 part.

12 **“SEC. 233. APPROPRIATIONS.**

13 “‘There shall be available to the Secretary, from funds
14 not otherwise appropriated, \$50,000,000 for the period
15 beginning with fiscal year 2008 and ending with fiscal
16 year 2012, to carry out this part beginning with academic
17 year 2008–2009, which shall remain available until ex-
18 pended. The authority to carry out this part shall expire
19 at the end of fiscal year 2012.’”.

1 **TITLE IV—LEVERAGING FUNDS**
 2 **TO INCREASE COLLEGE ACCESS**

3 **PART A—STRENGTHENING HISTORICALLY**
 4 **BLACK COLLEGES AND UNIVERSITIES AND**
 5 **MINORITY-SERVING INSTITUTIONS**

6 **SEC. 401. INVESTMENT IN HISTORICALLY BLACK COL-**
 7 **LEGES AND UNIVERSITIES AND MINORITY-**
 8 **SERVING INSTITUTION.**

9 Title IV is amended by adding at the end the fol-
 10 lowing new part:

11 **“PART I—STRENGTHENING HISTORICALLY**
 12 **BLACK COLLEGES AND UNIVERSITIES AND**
 13 **OTHER MINORITY-SERVING INSTITUTIONS**

14 **“SEC. 499A. INVESTMENT IN HISTORICALLY BLACK COL-**
 15 **LEGES AND UNIVERSITIES AND OTHER MI-**
 16 **NORITY-SERVING INSTITUTION.**

17 “(a) **ELIGIBLE INSTITUTION.**—An institution of
 18 higher education is eligible to receive funds from the
 19 amounts made available under this section if such institu-
 20 tion is—

21 “(1) a part B institution (as defined in section
 22 322 (20 U.S.C. 1061));

23 “(2) a Hispanic-serving institution (as defined
 24 in section 502 (20 U.S.C. 1101a));

1 “(3) a Tribal College or University (as defined
2 in section 316 (20 U.S.C. 1059c));

3 “(4) an Alaska Native-serving institution or a
4 Native Hawaiian-serving institution (as defined in
5 section 317(b) (20 U.S.C. 1059d(b)));

6 “(5) a Predominantly Black Institution (as de-
7 fined in subsection (c)); or

8 “(6) an Asian and Pacific Islander-serving in-
9 stitution (as defined in subsection (c)).

10 “(b) NEW INVESTMENT OF FUNDS.—

11 “(1) IN GENERAL.—There shall be available to
12 the Secretary to carry out this section, from funds
13 not otherwise appropriated, \$100,000,000 for each
14 of the fiscal years 2008 through 2012. The authority
15 to carry out this section shall expire at the end of
16 fiscal year 2012.

17 “(2) ALLOCATION AND ALLOTMENT.—

18 “(A) IN GENERAL.—Of the amounts made
19 available under paragraph (1) for any fiscal
20 year—

21 “(i) 40 percent shall be available for
22 allocation under subparagraph (B);

23 “(ii) 40 percent shall be available for
24 allocation under subparagraph (C); and

1 “(iii) 20 percent shall be available for
2 allocation under subparagraph (D).

3 “(B) HSI STEM AND ARTICULATION PRO-
4 GRAMS.—The amount made available for alloca-
5 tion under this subparagraph by subparagraph
6 (A)(i) for any fiscal year shall be available for
7 Hispanic-serving Institutions for activities de-
8 scribed in section 503, with a priority given to
9 applications that propose—

10 “(i) to increase the number of His-
11 panic and other low income students at-
12 taining degrees in the fields of science,
13 technology, engineering and mathematics;
14 and

15 “(ii) to develop model transfer and ar-
16 ticulation agreements between 2-year His-
17 panic-serving institutions and 4-year insti-
18 tutions in such fields.

19 “(C) ALLOCATION AND ALLOTMENT HBCUS
20 AND PBIS.—From the amount made available
21 for allocation under this subparagraph by sub-
22 paragraph (A)(ii) for any fiscal year—

23 “(i) \$34,000,000 shall be available to
24 eligible institutions described in subsection
25 (a)(1) and shall be made available as

1 grants under section 323 and allotted
2 among such institutions under section 324,
3 treating such amount, plus the amount ap-
4 propriated for such fiscal year in a regular
5 or supplemental appropriation Act to carry
6 out part B of title III, as the amount ap-
7 propriated to carry out part B of title III
8 for purposes of allotments under section
9 324, for use by such institutions with a
10 priority for—

11 “(I) activities described in para-
12 graphs (1), (2), (4), (5), and (10) of
13 section 323(a); and

14 “(II) other activities, consistent
15 with the institution’s comprehensive
16 plan and designed to increase the in-
17 stitution’s capacity to prepare stu-
18 dents for careers in the physical and
19 natural sciences, mathematics, com-
20 puter science and information tech-
21 nology and sciences, engineering, lan-
22 guage instruction in the less-com-
23 monly taught languages and inter-
24 national affairs, and nursing and al-
25 lied health professions; and

1 “(ii) \$6,000,000 shall be available to
2 eligible institutions described in subsection
3 (a)(5) and shall be available for a competi-
4 tive grant program to award 10 grants of
5 \$600,000 annually for programs in the fol-
6 lowing areas: science, technology, engineer-
7 ing, or mathematics (STEM); health edu-
8 cation; internationalization or
9 globalization; teacher preparation; or im-
10 proving educational outcomes of African
11 American males.

12 “(D) ALLOCATION AND ALLOTMENT TO
13 OTHER MINORITY-SERVING INSTITUTIONS.—
14 From the amount made available for allocation
15 under this subparagraph by subparagraph
16 (A)(iii) for any fiscal year (in this subpara-
17 graph referred to as the ‘allocable amount’)—

18 “(i) 60 percent of the allocable
19 amount for such fiscal year shall be avail-
20 able to eligible institutions described in
21 subsection (a)(3) and shall be made avail-
22 able as grants under section 316, treating
23 such 60 percent of the allocable amount as
24 part of the amount appropriated for such
25 fiscal year in a regular or supplemental ap-

1 appropriation Act to carry out such section,
2 and using such 60 percent for purposes de-
3 scribed in subsection (c) of such section;

4 “(ii) 30 percent of the allocable
5 amount for such fiscal year shall be avail-
6 able to eligible institutions described in
7 subsection (a)(4) and shall be made avail-
8 able as grants under section 317, treating
9 such 30 percent of the allocable amount as
10 part of the amount appropriated for such
11 fiscal year in a regular or supplemental ap-
12 propriation Act to carry out such section
13 and using such 60 percent for purposes de-
14 scribed in subsection (a) of such section;
15 and

16 “(iii) 10 percent of the allocable
17 amount for such fiscal year shall be avail-
18 able to eligible institutions described in
19 subsection (a)(6) for activities described in
20 section 311(c).

21 “(c) DEFINITIONS.—

22 “(1) PREDOMINANTLY BLACK INSTITUTION.—

23 The term ‘Predominantly Black institution’ means
24 an institution of higher education that—

1 “(A) has an enrollment of needy under-
2 graduate students as required and defined by
3 paragraph (2);

4 “(B) has an average educational and gen-
5 eral expenditure which is low, per full-time
6 equivalent undergraduate student in comparison
7 with the average educational and general ex-
8 penditure per full-time equivalent under-
9 graduate student of institutions that offer simi-
10 lar instruction, except that the Secretary may
11 apply the waiver requirements described in sec-
12 tion 392(b) to this subparagraph in the same
13 manner as the Secretary applies the waiver re-
14 quirements to section 312(b)(1)(B);

15 “(C) has an enrollment of undergraduate
16 students—

17 “(i) that is at least 40 percent Black
18 American students;

19 “(ii) that is at least 1,000 under-
20 graduate students;

21 “(iii) of which not less than 50 per-
22 cent of the undergraduate students en-
23 rolled at the institution are low-income in-
24 dividuals or first-generation college stu-

1 dents (as that term is defined in section
2 402A(g)); and

3 “(iv) of which not less than 50 per-
4 cent of the undergraduate students are en-
5 rolled in an educational program leading to
6 a bachelor’s or associate’s degree that the
7 institution is licensed to award by the
8 State in which it is located;

9 “(D) is legally authorized to provide, and
10 provides within the State, an educational pro-
11 gram for which the institution of higher edu-
12 cation awards a bachelors degree, or in the case
13 of a junior or community college, an associate’s
14 degree;

15 “(E) is accredited by a nationally recog-
16 nized accrediting agency or association deter-
17 mined by the Secretary to be a reliable author-
18 ity as to the quality of training offered, or is,
19 according to such an agency or association,
20 making reasonable progress toward accredita-
21 tion; and

22 “(F) is not receiving assistance under part
23 B of title III.

24 “(2) ENROLLMENT OF NEEDY STUDENTS.—

25 The term ‘enrollment of needy students’ means the

1 enrollment at an eligible institution with respect to
2 which not less than 50 percent of the undergraduate
3 students enrolled in an academic program leading to
4 a degree—

5 “(A) in the second fiscal year preceding
6 the fiscal year for which the determination is
7 made, were Federal Pell Grant recipients for
8 such year;

9 “(B) come from families that receive bene-
10 fits under a means-tested Federal benefits pro-
11 gram (as defined in paragraph (4));

12 “(C) attended a public or nonprofit private
13 secondary school—

14 “(i) that is in the school district of a
15 local educational agency that was eligible
16 for assistance under part A of title I of the
17 Elementary and Secondary Education Act
18 of 1965 for any year during which the stu-
19 dent attended such secondary school; and

20 “(ii) which for the purpose of this
21 paragraph and for that year was deter-
22 mined by the Secretary (pursuant to regu-
23 lations and after consultation with the
24 State educational agency of the State in
25 which the school is located) to be a school

1 in which the enrollment of children counted
2 under section 1113(a)(5) of such Act ex-
3 ceeds 30 percent of the total enrollment of
4 such school; or

5 “(D) are first-generation college students
6 (as that term is defined in section 402A(g)),
7 and a majority of such first-generation college
8 students are low-income individuals.

9 “(3) LOW-INCOME INDIVIDUAL.—The term
10 ‘low-income individual’ has the meaning given such
11 term in section 402A(g).

12 “(4) MEANS-TESTED FEDERAL BENEFIT PRO-
13 GRAM.—The term ‘means-tested Federal benefit pro-
14 gram’ means a program of the Federal Government,
15 other than a program under title IV, in which eligi-
16 bility for the programs’ benefits, or the amount of
17 such benefits, or both, are determined on the basis
18 of income or resources of the individual or family
19 seeking the benefit.

20 “(5) ASIAN AMERICAN AND PACIFIC ISLANDER-
21 SERVING INSTITUTION.—The term ‘Asian American
22 and Pacific Islander-serving institution’ means an
23 institution of higher education that—

24 “(A) is an eligible institution under section
25 312(b); and

1 “(B) at the time of application, has an en-
2 rollment of undergraduate students that is at
3 least 10 percent Asian American and Pacific Is-
4 lander students.

5 “(6) ASIAN AMERICAN.—The term ‘Asian
6 American’ has the meaning given the term ‘Asian’ in
7 the Office of Management and Budget’s Standards
8 for Maintaining, Collecting, and Presenting Federal
9 Data on Race and Ethnicity as published on October
10 30, 1997 (62 Fed. Reg. 58789).

11 “(7) PACIFIC ISLANDER.—The term ‘Pacific Is-
12 lander’ has the meaning given the term ‘Native Ha-
13 waiian’ or ‘Other Pacific Islander’ in such Standards
14 for Maintaining, Collecting, and Presenting Federal
15 Data on Race and Ethnicity.

16 “(d) TERMINATION OF AUTHORITY.—The authority
17 to carry out this section expires at the end of fiscal year
18 2012.”.

19 **PART B—COLLEGE ACCESS CHALLENGE GRANTS**

20 **SEC. 411. COLLEGE ACCESS CHALLENGE GRANTS.**

21 (a) CHALLENGE GRANT PROGRAM ESTABLISHED.—

22 (1) PROGRAM ESTABLISHED.—The Secretary
23 shall establish a program to award matching grants
24 to increase the number of eligible students from un-
25 derserved populations who enter and complete col-

lege by providing grants to philanthropic organizations who are members of eligible consortia to carry out the activities of the consortia to achieve this purpose, including—

(A) providing need-based grants to eligible students;

(B) providing support to eligible students through school- or institution-based mentoring programs; and

(C) conducting outreach programs to encourage eligible students to pursue higher education.

(2) GRANT PERIOD; RENEWABILITY.—Grants under this section shall be awarded for one 5-year period, and may not be renewed.

(3) GRANT AMOUNTS.—

(A) IN GENERAL.—A grant awarded under this part for a given fiscal year to a philanthropic organization shall be in an amount equal to the lesser of—

(i) 200 percent of the amount of charitable gifts received in the preceding fiscal year by the eligible consortia, including charitable gifts received by the individual

1 members of the consortia with which the
 2 philanthropic organization is associated; or
 3 (ii) the maximum grant amount estab-
 4 lished by the Secretary by regulation, pur-
 5 suant to subsection (f).

6 (B) GIFTS PROVIDED IN CASH OR IN-
 7 KIND.—For the purposes of subparagraph (A),
 8 the charitable gifts received by an eligible con-
 9 sortia and its members may be provided in cash
 10 or in-kind, including physical non-cash con-
 11 tributions of monetary value such as property,
 12 facilities, and equipment, but excluding services.

13 (b) USES OF GRANT.—

14 (1) IN GENERAL.—A philanthropic organization
 15 receiving a grant under this section shall—

16 (A) provide grants to eligible students; and

17 (B) distribute grants to members of the
 18 consortia with which the philanthropic organiza-
 19 tion is affiliated, in accordance with the plan
 20 described in subsection (c)(2)(A), to fund the
 21 activities of such consortia in accordance with
 22 the application under subsection (c).

23 (2) LIMITATION.—Not more than 15 percent of
 24 the funds made available annually through a grant

1 under this section may be used for administrative
2 purposes.

3 (c) APPLICATIONS.—A philanthropic organization de-
4 siring a grant under this section shall submit an applica-
5 tion to the Secretary at such time, in such manner, and
6 containing such information as the Secretary may require.
7 Such application shall include the following:

8 (1) A description of an eligible consortia that
9 meets the requirements of subsection (d), with which
10 the philanthropic organization is affiliated, in ac-
11 cordance with subsection (g).

12 (2) A detailed description of—

13 (A) the philanthropic organization’s plans
14 for distributing the matching grant funds
15 among the members of the eligible consortia;
16 and

17 (B) the eligible consortia’s plans for using
18 the matching grant funds, including how the
19 funds will be used to provide financial aid, men-
20 toring, and outreach programs to eligible stu-
21 dents.

22 (3) A plan to ensure the viability of the eligible
23 consortia and the work of the consortia beyond the
24 grant period.

1 (4) A detailed description of the activities that
2 carry out this section that are conducted by the eli-
3 gible consortia at the time of the application, and
4 how the matching grant funds will assist the eligible
5 consortia with expanding and enhancing such activi-
6 ties.

7 (5) A description of the organizational structure
8 that will be used to administer the activities carried
9 out under the plan, including a description of the
10 system used to track the participation of students
11 who receive grants to degree completion.

12 (6) A description of the strategies that will be
13 used to identify eligible students who are enrolled in
14 secondary school and who may benefit from the ac-
15 tivities of the eligible consortia.

16 (d) ELIGIBLE CONSORTIA.—An eligible consortia
17 with which a philanthropic organization is affiliated for
18 the program under this section shall—

19 (1) be a partnership of multiple entities that
20 have agreed to work together to carry out this sec-
21 tion, including—

22 (A) such philanthropic organization, which
23 shall serve as the manager of the consortia;

24 (B) a State that demonstrates a commit-
25 ment to ensuring the creation of a Statewide

1 system to address the issues of early interven-
2 tion and financial support for eligible students
3 to enter and remain in college; and

4 (C) at the discretion of the philanthropic
5 organization described in subparagraph (A), ad-
6 ditional partners, including other non-profit or-
7 ganizations, government entities (including local
8 municipalities, school districts, cities, and coun-
9 ties), institutions of higher education, and other
10 public or private programs that provide men-
11 toring or outreach programs; and

12 (2) conduct activities to assist eligible students
13 with entering and remaining in college, which in-
14 clude—

15 (A) providing need-based grants to eligible
16 students;

17 (B) providing early notification to low-in-
18 come students of their potential eligibility for
19 Federal financial aid (which may include assist-
20 ing students and families with filling out
21 FAFSA forms), as well as financial aid and
22 other support available from the eligible con-
23 sortia;

1 (C) encouraging increased eligible student
2 participation in higher education through men-
3 toring or outreach programs; and

4 (D) conducting marketing and outreach ef-
5 forts that are designed to—

6 (i) encourage full participation of eli-
7 gible students in the activities of the con-
8 sortia that carry out this section; and

9 (ii) provide the communities impacted
10 by the activities of the consortia with a
11 general knowledge about the efforts of the
12 consortia.

13 (e) REGULATIONS.—The Secretary shall promulgate
14 regulations to carry out this section. Such regulations
15 shall include—

16 (1) the maximum grant amount that may be
17 awarded to a philanthropic organization under this
18 section;

19 (2) the minimum amount of chartable gifts an
20 eligible consortia (including its members) shall re-
21 ceive in a fiscal year for the philanthropic organiza-
22 tion affiliated with such consortia to be eligible for
23 a grant under this section.

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

1 (1) ELIGIBLE STUDENT.—The term “eligible
2 student” means an individual who—

3 (A) is a member of an underserved popu-
4 lation;

5 (B) is enrolled—

6 (i) in a secondary school pursuing a
7 high school diploma; or

8 (ii) in an institution of higher edu-
9 cation or is planning to attend an institu-
10 tion of higher education; and

11 (C) either—

12 (i) is receiving, or has received, finan-
13 cial assistance or support services from the
14 consortium; or

15 (ii) meets 2 or more of the following
16 criteria:

17 (I) Has an expected family con-
18 tribution equal to zero (as described
19 in section 479 of the Higher Edu-
20 cation Act of 1965) or a comparable
21 alternative based upon the State’s ap-
22 proved criteria in section 415C(b)(4)
23 of such Act.

24 (II) Has qualified for a free
25 lunch, or at the State’s discretion a

1 reduced price lunch, under the school
2 lunch program established under the
3 Richard B. Russell National School
4 Lunch Act.

5 (III) Qualifies for the State's
6 maximum need-based undergraduate
7 award.

8 (IV) Is participating in, or has
9 participated in, a Federal, State, in-
10 stitutional, or community mentoring
11 or outreach program, as recognized by
12 the eligible consortia carrying out ac-
13 tivities under this section.

14 (2) PHILANTHROPIC ORGANIZATION.—The term
15 “philanthropic organization” means a non-profit or-
16 ganization—

17 (A) that does not receive funds under title
18 IV of the Higher Education Act of 1965 or
19 under the Elementary and Secondary Education
20 Act of 1965;

21 (B) that is not a local educational agency
22 or an institution of higher education;

23 (C) that has a demonstrated record of dis-
24 persing grant aid to underserved populations to

1 ensure access to, and participation in, higher
2 education;

3 (D) that is affiliated with an eligible con-
4 sortia (as defined in subsection (d)) to carry
5 out this section; and

6 (E) the primary purpose of which is to
7 provide financial aid and support services to
8 students from underrepresented populations to
9 increase the number of such students who enter
10 and remain in college.

11 (3) STATE.—The term “State” means each of
12 the several States of the United States, the District
13 of Columbia, and Puerto Rico.

14 (4) UNDERSERVED POPULATION.—The term
15 “underserved population” means a group of individ-
16 uals who traditionally have not been well represented
17 in the general population of students who pursue
18 and successfully complete a higher education degree.

19 (g) PROGRAM FUNDING.—

20 (1) IN GENERAL.—There shall be available to
21 the Secretary to carry out this section, from funds
22 not otherwise appropriated, \$300,000,000 for the
23 period beginning with fiscal year 2008 and ending
24 with fiscal year 2012.

1 (2) USE OF EXCESS FUNDS.—If, at the end of
2 a fiscal year, the funds available for awarding grants
3 under this section exceed the amount necessary to
4 make such grants, then all of the excess funds shall
5 remain available for the subsequent fiscal year, and
6 shall be used to award grants under section 401 of
7 the Higher Education Act of 1965 (20 U.S.C.
8 1070a) for such subsequent fiscal year.

9 (h) SUNSET.—The authority to carry out this section
10 shall expire at the end of fiscal year 2012.

11 **PART C—UPWARD BOUND**

12 **SEC. 412. UPWARD BOUND.**

13 (a) ABSOLUTE PRIORITY PROHIBITED IN UPWARD
14 BOUND PROGRAM.—Section 402C (20 U.S.C. 1070a–13)
15 is amended by adding at the end the following new sub-
16 section:

17 “(f) ABSOLUTE PRIORITY PROHIBITED IN UPWARD
18 BOUND PROGRAM.—Except as otherwise expressly pro-
19 vided by amendment to this section, the Secretary shall
20 not implement or enforce, and shall rescind, the absolute
21 priority for Upward Bound Program participant selection
22 and evaluation published by the Department of Education
23 in the Federal Register on September 22, 2006 (71 Fed.
24 Reg. 55447 et seq.).”.

1 (b) ADDITIONAL FUNDS.—Section 402C is further
2 amended by adding after subsection (f) (as added by sub-
3 section (a)) the following new subsection:

4 “(g) ADDITIONAL FUNDS.—

5 “(1) AUTHORIZATION AND APPROPRIATION.—

6 There are authorized to be appropriated, and there
7 are appropriated to the Secretary, from funds not
8 otherwise appropriated, \$57,000,000 for each of the
9 fiscal years 2008 through 2011 to carry out para-
10 graph (2), except that any amounts that remain un-
11 expended for such purpose for each of such fiscal
12 years may be available for technical assistance and
13 administration costs for the Upward Bound pro-
14 gram.

15 “(2) USE OF FUNDS.—The amounts made
16 available by paragraph (1) shall be available to pro-
17 vide assistance to all Upward Bound projects that
18 did not receive assistance in fiscal year 2007 and
19 that have a grant score above 70. Such assistance
20 shall be made available in the form of 4-year
21 grants.”.

Passed the House of Representatives July 11, 2007.

Attest:

LORRAINE C. MILLER,

Clerk.

Calendar No. 269

110TH CONGRESS
1ST Session

H. R. 2669

AN ACT

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

JULY 16, 2007

Received; read twice and placed on the calendar