GENERAL LEAVE

Mr. GEORGE MILLER of California. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and insert extraneous material on H.R. 3221.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

STUDENT AID AND FISCAL RESPONSIBILITY ACT OF 2009

The SPEAKER pro tempore. Pursuant to House Resolution 746 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3221.

□ 1626

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3221) to amend the Higher Education Act of 1965, and for other purposes, with Ms. JACKSON-LEE of Texas in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from California (Mr. GEORGE MILLER) and the gentleman from Minnesota (Mr. KLINE) each will control 30 minutes.

The Chair recognizes the gentleman from California.

Mr. GEORGE MILLER of California. Madam Chair, I yield 4 minutes to the gentleman from Texas (Mr. HINOJOSA), the Chair of the Subcommittee on Higher Education.

Mr. HINOJOSA. Madam Chair, as chairman of the Subcommittee on Higher Education, Lifelong Learning and Competitiveness, I rise in support of H.R. 3221, the Student Aid and Fiscal Responsibility Act.

I congratulate Chairman GEORGE MILLER for his great leadership in bringing this historic legislation to the House floor. I also want to thank my colleagues from the Education and Labor Committee on both sides of the aisle for supporting the largest investment ever in higher education.

The bill embraces President Obama's educational priorities by helping us to reach the goal of producing the most college graduates in the world by 2020 and makes our workforce strong and competitive. This bill will provide much-needed relief to families who are struggling to pay tuition, as well as students and workers who seek to access high-skilled and family-sustaining jobs.

The legislation will increase affordability, accessibility, and college completion rates, particularly for first-generation college, low-income, minority, and middle class students.

H.R. 3221 invests $40 billion to increase the maximum annual Pell Grant scholarship to $5,550 in 2010, and by 2019 increase it to $6,900.

It also provides low-income and middle class families with reliable, affordable, high-quality direct Federal student loans, and simplifies the application process for financial aid.

H.R. 3221 strengthens our Nation's minority-serving institutions, MSIs, particularly in the STEM areas so students can stay in school, graduate and succeed in our global economy. It does this by investing $2.55 billion in our Nation's minority-serving institutions over a 10-year period. We estimate that this funding will reach at least 500 institutions of higher learning. These investments will expand educational opportunities in the STEM fields and support students in staying in school and graduating at our Nation's Historically Black Colleges and Universities; Hispanic-serving institutions; tribally controlled colleges and universities; predominantly black institutions; and Asian American and Native Pacific Islander-serving institutions.

These investments will create a new generation of minority workers in STEM fields, professionals that our country desperately needs to remain competitive in our world.

□ 1630

For decades, MSIs have provided educational opportunities for tens of thousands of minority, low-income, and first-generation college students due to their accessibility, affordability, and close proximity to the communities they serve. If we hope to reach President Obama's goals, we must make sure that more minority students are completing advanced college degrees.

This bill invests $10 billion in our Nation's community colleges to support President Obama's American Graduation Initiative and expands educational opportunities to millions of students who attend our Nation's community colleges.

These institutions serve young people who are just beginning their careers but need flexible schedules to work to pay their tuition and living expenses. They serve displaced workers who must upgrade their skills to pursue a new career and enter high-growth sectors of our economy.

They serve older students and adult learners who seek specialized training and are attending their local community college for the very first time. They serve veterans who are pursuing postsecondary education after having served in the military.

This bill includes $8 billion in investments in early childhood education to increase access to high-quality early education programs. And we know that children who have an early start by the time they enter kindergarten are more likely to go to college and succeed. There is proof that early reading and writing, from cradle to 5 years of age, equals success in school.

The CHAIR. The time of the gentleman has expired.

Mr. GEORGE MILLER of California. I yield the gentleman an additional 30 seconds.

Mr. HINOJOSA. This legislation is fiscally responsible and helps reduce the deficit. It complies with pay-as-you-go and directs $8 billion in savings back to the U.S. Treasury to help pay down the deficit.

Our competitiveness and innovation in the world depends on our ability to invest in human capital and train a workforce for the 21st century. I urge my colleagues to support this historic investment in higher education.

Mr. KLINE of Minnesota. Madam Chair, I rise in opposition to H.R. 3221, and yield myself such time as I may consume.

Government takeover. We have seen and heard a lot of those two words lately—in the credit markets, the banking sector, the automotive industry, and even the building of schools. Then there's health care—an industry that assumes one-sixth of America's gross domestic product. We're not talking about health care today, but perhaps we should be.

The vote we will take on student lending is a culmination of a plan set in motion more than a decade and a half ago—and one that bears an eerily strong resemblance to the health care debate that rages on today.

In 1993, Congress created a so-called government option for college loans. The idea of this Direct Loan Program was to introduce competition and hold down costs. Sound familiar? Just 16 years later, we're about to vote on a plan that would completely and permanently eliminate the private sector's role in originating and raising capital for Federal student loans. In its place will be a one-size-fits-all Federal loan model that requires the U.S. Treasury to directly lend tens of billions of dollars each year—tens of billions of dollars we don't have, and will be forced to borrow.

So why is Congress intervening to declare one program the winner? If it's truly about competition, the best program ought to win in the marketplace. In fact, one program has won—the public-private partnership of the Federal Family Education Loan Program, which is the choice of three-quarters of colleges and universities today.

By eliminating the FFEL program, we will lose the choice, the competition, and innovation of the private sector. That includes everything from technological innovations to loan discounts and borrower services. We will also lose jobs—an estimated 30,000 or more in congressional districts from coast to coast.

And what are we getting in return? My colleagues on the other side of the aisle tout this legislation as being fiscally responsible. Respectfully, I beg to differ.

The bill is awash with new entitlement programs, including a new early childhood program to develop and fund programs at the State level; a new program to build and renovate schools;

and a new program to bolster community colleges and involve the Federal Government in developing online curriculum.

Add to these new programs the cost of expanding Pell Grants, funding for Minority Serving Institutions and the Perkins Loan Program, and we have on our hands a massive entitlement spending spree. This spending is allegedly paid for by $87 billion in so-called savings from elimination of the FFEL program. Unfortunately, the numbers just don't add up.

CBO tells us the bill will require $13.5 billion in new discretionary spending—real money that simply isn't counted in the mandatory score. CBO also tells us that, using current figures, the Pell Grant expansion will cost $11.4 billion more than scorekeepers originally predicted—again, a cost not counted for in the ''official'' score. That means this bill will cost closer to $15 billion over the next 10 years—and when market risk is factored in, the cost spikes to nearly $50 billion more.

Madam Chair, there's a better way. Later in the debate, I will join the ranking member on the Higher Education Subcommittee, Mr. GUTHRIE, in offering an amendment to stabilize student lending by extending programs approved on a bipartisan basis last year.

With this plan, we can put $13 billion towards deficit reduction and, most importantly, we can convene a nonpartisan commission to study long-term structural changes to our student lending systems. In short, it's a thoughtful, reasonable approach to determine what's best for students, schools, and taxpayers alike.

I urge my colleagues to slow down, take a breath, and ask yourself whether another government takeover is what we need right now. I think the answer is a clear ''no.''

I reserve the balance of my time.

Mr. GEORGE MILLER of California. I yield myself 30 seconds. I appreciate that the gentleman wants to make this comparison between a public option and the private sector. Let's run down what happened over the last 10 years.

The private sector took $100 billion in subsidies, and as they became the most profitable sector of the American economy, they couldn't give back any of those subsidies. While they were getting the $100 billion in subsidies, they were engaged in price-fixing, anti-competitive practices, briberies, conflicts of interest, improper disclosure. And, at the end of that, they needed a bailout.

Sound familiar? Want to invest again?

The CHAIR. The time of the gentleman has expired.

Mr. GEORGE MILLER of California. I yield myself an additional 30 seconds. Or, you can look at the public option here. The public option offered a product of equal value, very low cost, easy to administer, attractive to the people who used it. Major universities have used it for years with any problems, very complimentary about it, and it is in fact saving the loan industry at this very time because the private system has collapsed.

I yield 4 minutes to a member of the committee, the gentleman from New York (Mr. BISHOP).

Mr. BISHOP of New York. I thank the chairman for yielding, and I thank him for his leadership in bringing this very important piece of legislation to the floor. I want to amplify what the chairman just said because I think it's important for all of us to understand how the FFEL program works right now.

The way it works right now is that the Federal Government is providing approximately 60 percent of the capital that the private lenders provide to needy students. We do so because of the lack of liquidity in private credit markets.

So what we are doing is, we are paying private lenders a subsidy so that they will have the privilege of lending federally-originated money to their borrowers. We guarantee repayment of that money to the tune of 97 percent of the amount outstanding and the private lenders reap whatever interest payments are paid by the borrowers.

This is a really, really good deal for private lenders. It is a deal that costs the American taxpayer approximately $8 billion to $9 billion a year that we don't need to spend in that fashion. We can provide—we, the Federal Government—can provide the loan capital that students need. In fact, we now provide approximately 30 percent of the schools in the country that participate in the Guaranteed Student Loan Program, participate in the Direct Loan Program.

I used to work at a school that participated in the Direct Loan Program. We made the transition from private lending to direct lending early on, and it was an absolutely seamless transition. We did not have to add a single staff person. Our students felt very advantaged by the change that we made. And we are now asking that all schools make that change, and we are doing so so that we can redirect that $8 billion or $9 billion that right now goes to pad the profit margins of the private lenders and direct that money primarily to needy students.

Let me put that in context. We right now rank sixth in the world in terms of the college-going rate for our population. We used to be first. Approximately only one out of every two students that enter college ever graduates. Those are two pretty daunting statistics if we are going to remain competitive in a very difficult global marketplace.

We need to have an educated workforce. We need to have a workforce that can be competitive. And the pathway to that is access to college—and not just access to college, but degree attainment.

This bill provides at least the financial mechanism for students to be able to achieve that goal. We dramatically expand the availability of the Pell Grant and increase the Pell Grant maximum in a way that it keeps pace with inflation so that it maintains its buying power.

We guarantee access to capital in the Guaranteed Student Loan Program, a subject I just talked about. We dramatically expand the availability of Perkins loans. Right now, students borrow $1.5 billion in Perkins loans. We would increase that amount to $6 billion a year, dramatically expanding both the number of students that can benefit and the number of schools that participate.

We also simplify the financial aid process. This is a process that has proven very daunting to many, many students. I used to administer that process. I recognize firsthand how difficult it can be. We simplify the financial aid process, particularly the administration of the so-called FAFSA form, and we remove that barrier, that roadblock that has prevented many students from pursuing their dreams. And we do all of this by not adding a dime to the bill that the taxpayers will be asked to carry. We redirect money, as I say, from the banks. And we do so in a fashion that helps needy students.

Mr. KLINE of Minnesota. At this time I'd like to yield 3 minutes to the ranking member on the Higher Education Subcommittee, the gentleman from Kentucky (Mr. GUTHRIE).

Mr. GUTHRIE. I rise in opposition to H.R. 3221 because I believe there's a better way to protect students, colleges, and taxpayers. The authors of this legislation will argue that the purpose of H.R. 3221 is to simply stabilize student lending. They claim the Federal Family Education Loan program, or the FFEL, is on ''life support'' and must be replaced with the government-run Direct Loan Program.

The FFEL program has been a stable, reliable source of private capital for student loans for more than 40 years. It provides a choice of loan providers—from large, national lenders to small, local nonprofits—and an array of benefits and services.

Colleges and universities overwhelmingly prefer the FFEL, with 70 to 80 percent of schools consistently opting for the public-private option.

Dr. Gary Ransdell, president of Western Kentucky University, has told me that the end of the FFEL program would, ''mean the loss of financial literacy programs, college access programs, default aversion programs, borrowing benefits, and other support services.''

Further, Dr. William Huston, president of St. Catharine College, a small, independent private college in my district, has shared his concerns about the impact the policy shift will have on schools of his size. He said the shift, ''would mean investing staff time and money to change systems and processes at a time where budgets have been cut to the core.''

Clearly, the rush to the Direct Loan Program will have a major impact on schools and students.

Now, it is true that the FFEL program was hit by the global market collapse that rocked our economy last year—and when that happened, student loan capital dried up, along with the capital across all sectors. And when stability was needed, Congress stepped in.

□ 1645

Last year, Congress passed the Ensuring Continued Access to Student Loans Act, or ECASLA, which provided a temporary Federal backstop to protect borrowers from loan disruption. This program has worked exceedingly well, and to my knowledge, not a single borrower has been left without a loan. The program is still in place today, and if our goal is simply to stabilize student lending, there is a simple solution: we should extend programs under ECASLA to retain the Federal backstop until the economy rebounds.

These programs are working today, which means there would be no confusion for schools and no uncertainty for borrowers if we were to simply extend this program while the market remains turbulent. In fact, Republicans had offered a plan that would exactly do that.

Later today I will join Ranking Member KLINE to offer an alternative to H.R. 3221. Our plan extends ECASLA through 2014, aligning it with other programs under the Higher Education Act. In the meantime, we are calling for a commission to study student loan programs and propose alternatives that will protect borrowers and taxpayers alike. Simply put, our plan is a way to slow down and take a more thoughtful, reasonable approach to long-term student loan reform. Instead, we're going to vote on a plan that will reshape the way students pay for college in this country and radically expand the Federal Government in the process. Proponents of this bill claim it saves $87 billion for taxpayers.

The CHAIR. The time of the gentleman from Kentucky has expired.

Mr. KLINE of Minnesota. I yield the gentleman 1 additional minute.

Mr. GUTHRIE. In reality, that $87 billion is a combination of savings and government earnings that come because the Federal Government charges students a higher interest rate than it costs to borrow, turning student loans into a profit-making venture for the government. And what do we do with this $87 billion? We are taking student money and spending much of it on an array of new government programs.

Students and schools will lose the value of choice, competition and innovation. Meanwhile, taxpayers will be on the hook for massive new entitlement spending and a huge expansion in government borrowing to finance loans that now need to be made directly from the Federal Treasury.

I urge my colleagues to join me in voting ''no.''

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from Hawaii (Ms. HIRONO) who has put an awful lot of work into the early childhood education section of this legislation.

Ms. HIRONO. Madam Chair, as a member of the House Education and Labor Committee and as an original cosponsor of this bill, I rise in strong support of H.R. 3221, the Student Aid and Fiscal Responsibility Act. I thank Chairman MILLER for his leadership on this, as well as on so many other important measures.

While this bill includes many significant provisions, the part of the bill that I am especially excited about is the creation of the Early Learning Challenge Fund. Like the PRE-K Act I introduced in 2007 and again earlier this year, the Early Learning Challenge Fund would establish a competitive grant program to support, not supplant, States' efforts to improve the quality of their early education programs. Evidence shows that quality early education is the best foundational investment we can make in our children.

Last night I had the opportunity to meet with members of the philanthropic community who came together in recognition and support of quality early education. To quote these people, quality early education is ''the most powerful investment America can make.'' They not only understand the value of quality early learning, but they support successful programs all across the country, including in Hawaii. And they are not alone. Educators, economists, brain development researchers, police chiefs, Chambers of Commerce, retired military personnel all have emphasized the critical need for quality early education to prepare our children for success at school and in life. This bill is an important step in preparing our children for such success. I urge my colleagues to support this measure, a bill that makes important investments in education for all of our keiki—that's Hawaiian for children—from birth through college.

Mr. KLINE of Minnesota. Madam Chair, at this time I am pleased to yield 3 minutes to the distinguished gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. I thank our ranking member.

The loud sound you hear is the big gulp of the public option swallowing the private option. We hear all kinds of excuses why it's not the same, but here are some of the key business points to remember here: There has already been confusion in the quotes here on the floor about this 7 percent that the private sector has between revenues, which is the loan income that the banks receive, and their profits. There's also confusion between the net profit and the gross profit. The gross profit has all the expenses coming out, whereas the net profit is the bottom line, which is a relatively small number.

The reason this is important is that government, if they take this over and swallow the whole public sector into the public option, will have basically the same costs. Only when you compare cost to cost, the government can't deliver at the same price as the private sector. It never has, it never will in any category in the history of the United States.

Now in this expense question—and we've argued about this for years—one of the things that's clear is that the Federal Government doesn't depreciate. So fixed expenses, like buildings, aren't counted in their expenses that come off of the net profit, because that's a different budget. We do buildings in one appropriations bill, in one lump sum. It is not something that you would amortize over time.

Mixed expenses—for example, the expenses at the Department of Education, such as lighting in the building, even in many cases staff—aren't assigned to the student loans. They're assigned to the Department of Education. But even then when you ask the private sector to compete, even paying in that profit, 80 percent of the colleges chose the private sector because the service delivery was better. In fact, hopefully, the government is going to be wise enough here that they're going to contract out with the private sector at the end of the day to deliver much of these services because there is no capability in the Federal Government to deliver this.

Now the proposal, on the face of it, isn't even plausible that we're hearing about all these new funding programs when the net profit out of the private sector is minimalist compared to the new program. So where does this money come from? The best I've been able to determine is it's a different method of borrowing. Banks have to use the LIBOR rate, the interbank lending rate, whereas we are apparently going straight to the Fed and Treasury. That's merely a transfer of government funds that are off budget onto budget but still reduces the liquidity in the banking system, and it's being used to subsidize the new programs in the student loans.

Now why does this become important? Why won't the same grounds apply to SBA? Because if SBA goes directly into this same fund, there's no reason to use a bank. On what grounds do we use banks for farmers' loans? If they're going to borrow the money directly from the Treasury and the Fed, they can borrow it cheaper than any bank, and that we should eliminate any loans that are going through anywhere in the private sector where there is a government alternative.

The CHAIR. The time of the gentleman from Indiana has expired.

Mr. KLINE of Minnesota. I yield the gentleman an additional 30 seconds.

Mr. SOUDER. Thank you.

The key question here is, the constitutional authority of the Federal Government is to regulate interstate

commerce. Then we have the Federal Reserve System that was set up to provide a balance and stability in the funding of the United States. What we did not create is a national bank.

This bill is the beginning of the creation of a national bank, and that there is no logical reason why every other lending category won't become a national bank, too. That's the big gulp we are hearing here and in many other areas, a massive government takeover in category after category.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from Nevada (Ms. TITUS).

Ms. TITUS. Thank you, Mr. Chairman.

I rise today in strong support of H.R. 3221. Nevada has been particularly hard hit by the economic downturn. We're facing record unemployment. The investments in this bill will help Nevada's students and dislocated workers obtain the education and training they need to compete in the workforce, and it will do so in a fiscally responsible way.

Specifically, this bill invests more than $60 million in Pell Grants for Nevada's Third Congressional District, making more than 13,000 students eligible for aid. It also provides $1 million a year for the next 5 years to bolster colleges' access and completion support programs for students in Nevada. It strengthens our community colleges by ensuring that Nevada receives nearly $19 million to help finance projects to renovate and construct state-of-the-art facilities; and finally, it invests in 21st century green high-performing public schools by providing Nevada's school districts with more than $25 million over the next 2 years for school modernization, renovation and repairs to create healthier, safer and more energy-efficient teaching and learning climates, the implementation of which will put Nevadans to work.

I am also pleased that this bill includes an amendment that I offered to establish an advisory council to the Secretary of Education on green high-performing schools. Quality education is the key to prosperity for individuals and for our country. I urge your support.

Mr. KLINE of Minnesota. Madam Chair, at this time I am very pleased to yield 3 minutes to the gentlelady from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

I rise in opposition to this bill. Sixty years ago, the only student loans available were private loans. Unfortunately, the system left out many students with either limited financial resources or poor or nonexistent credit. So in 1965, Congress created the Federal Family Education Loan Program which has successfully administered and regulated federally backed private student loans for the past 44 years.

But President Clinton decided that we could save money by creating a new federally run program to provide student loans at public option. At present, just under one-third of colleges have chosen the public option, also known as the Direct Loan Program. However, Democrats have decided that by leveraging the borrowing power of the Federal Government, which Congress has more aptly demonstrated, they can save money, as scored by CBO.

We all know that because of the Federal Government's size and ability to raise taxes at any time to pay off its debts, it can borrow money at a cheaper rate than private banks. By requiring all students that use Federal loans to borrow directly from the government, this bill allows the government to make a greater profit off students, count it as a ''cost savings,'' and then spend it on other educational priorities.

It is interesting that after the government's student loan ''public option'' failed to gain widespread acceptance, the other side of the aisle now proposes to eliminate all other choices so that students are forced into the public option. Even more interesting is that the other side of the aisle has proposed another ''public option'' that will supposedly save money by using the government's size to underpay doctors and hospitals, which forces private plan owners to make up the difference. I fear that in a few years, the public plan may soon be the only affordable option available to most Americans.

I don't want a single-payer health care system, and I don't want a single-payer student loan program. Just as 83 percent of Americans are satisfied with their current health care, over two-thirds of all colleges have elected to go with the privately administered FFEL program. We should let colleges continue to select the student loan program that works best for their students, not the one chosen by bureaucrats in Washington.

I urge all of my colleagues to join me in voting ''no'' on this bill to make sure that the student loan ''public option'' is not the only option.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from California (Ms. CHU), the newest member of our committee.

Ms. CHU. Thank you, Chairman MILLER.

As a professor for over 20 years in the L.A. Community College District, I know firsthand how important community colleges are to helping hard-working Americans achieve their dreams. About one out of every two college students attends a community college, and they are some of the hardest workers I have ever met. My students came from all walks of life. They were immigrants, single moms and laid-off workers, and many of these students were the first in their families to go to college.

Community colleges are the backbone of our Nation's workforce, providing students with technical training to fill our Nation's most critical fields. They excel at meeting the needs of students from all backgrounds and circumstances. The investments in this bill truly reflect the role community colleges play in our economy. Seven billion dollars is provided to reinvigorate the community college experience, to improve instruction, initiate job placement counseling, and create non-traditional programs for students on the weekends, evenings or even online.

There is $2.5 billion in grants provided to renovate community college facilities. It will allow them to accommodate their growing enrollment and provide students with modern equipment and facilities so they are better prepared when they graduate.

In an increasingly competitive world economy, America's economic strength depends upon the education and skill of its workers. This bill will help us to meet that challenge.

Mr. KLINE of Minnesota. Madam Chair, could I inquire how much time is remaining, please?

The CHAIR. The gentleman from Minnesota has 16½ minutes, and the gentleman from California has 15½ minutes remaining.

□ 1700

Mr. KLINE of Minnesota. Madam Chair, at this time, I yield 3 minutes to the distinguished gentleman from California (Mr. MCCLINTOCK).

Mr. MCCLINTOCK. I thank the gentleman from Minnesota.

Madam Chairman, this really is a case study in how a public option ultimately becomes a public monopoly in a span of just a few years.

The gentleman from Minnesota is absolutely right, this Direct Loan Program was established in 1993 as a public option. It was designed to increase consumer choice; that's what we were told at the time. It had only one problem. The consumers never warmed to it.

At its peak, the government Direct Loan Program only attracted 34 percent of loan volume. Today, even with all of the financial difficulties in the private sector, it has earned only 27 percent of the market. The rest of that market is ably administered by 1,500 active lenders and servicers and guarantee agencies that employ more than 30,000 private sector workers. This bill literally shuts down 40 years of successful private sector involvement with student loans and hands the government monopoly control. As the bumper sticker warns, the government hates competition.

We're told this is going to save money. Well, pardon my skepticism, but I seriously doubt that the same government that runs FEMA is going to bring efficiency to the student loan program. In fact, it's precisely the fierce competition among loan providers that has produced lower prices for students and universities and that produces innovations in loan delivery and processing and servicing, not to mention broader benefits such as college planning services, financial literacy education, default aversion, and FAFSA assistance.

One of those providers is the California EdFund, near my district. Last year alone, the EdFund helped nearly 420,000 borrowers to avoid default. They saved taxpayers $4.2 billion in default claims; that's one provider, $4.2 billion in savings for American taxpayers.

Before the government took over our automobile manufacturers, Will and Ariel Durant asked this question: What makes Ford a good car? Chevrolet. Competition. That creative and innovative force is snuffed out by this bill for the student loan industry. And mark my words, if this bill becomes law, we are going to be back here in a few years to address growing cost overruns and inefficiencies in yet another failed government monopoly program.

Mr. GEORGE MILLER of California. I just want 10 seconds to say that I'm glad the gentleman mentioned the California EdFund. The EdFund supports this legislation.

I yield 2 minutes to the gentleman from Iowa (Mr. LOEBSACK), who was very involved in writing this legislation.

Mr. LOEBSACK. Madam Chair, I rise today in strong support of the Student Aid and Fiscal Responsibility Act. In particular, I want to thank Chairman MILLER and all of my committee colleagues for their great work on this legislation.

I am particularly pleased this bill contains legislation I worked on with Chairman MILLER, Congressman KILDEE and Congressman CHANDLER to help modernize, renovate, and repair our crumbling public schools with energy efficient and renewable resources.

Schools across America in every State are deteriorating. In my State alone, the GAO has found that 79 percent of all schools needed to repair or upgrade their buildings and facilities. Providing schools with funds to help leverage local dollars to modernize their schools in need of repair will also create good-paying local jobs in every State and will help improve the safety and the health of our students.

This legislation will provide much needed funds for school facility modernization projects over the next two fiscal years to help ensure our students have world-class, safe, healthy and energy-efficient environments in which to learn.

Given the increasingly global nature of our economy and the workplaces our students will be entering, it is more important than ever that we dedicate the resources necessary to ensure children will be able to compete. With the passage of this historic Student Aid and Fiscal Responsibility Act, we will indeed be making a historic commitment to the next generation through significantly improved educational opportunities, and I urge my colleagues to vote for this bill.

Mr. KLINE of Minnesota. Madam Chair, at this time, I yield 2 minutes to the gentleman from Indiana (Mr. BURTON).

(Mr. BURTON of Indiana asked and was given permission to revise and extend his remarks.)

Mr. BURTON of Indiana. If a government program is so great, why is it that the colleges and universities around the country—70 to 80 percent of them—are going with the Federal Family Education Loan Program? It's because it's better, it works better. They don't want to mess with the government bureaucracy.

You know, in 1993, and I think it's been stated already, and I don't want to be redundant, but the Clinton administration resurrected the idea of the Direct Lending Program and they pushed it through Congress. It didn't take long for the program's reputation to become synonymous with slow, inefficient, government bureaucracy service. And the Minority Views section of this bill, H.R. 3221, reminds us that in 1997 the program completely collapsed, as it probably will again, and was unable to make consolidation loans to borrowers. And in 1998, the Congress passed the Higher Education Amendments of 1998, which specifically blocked the Clinton administration from phasing out the FFEL Program because it did not make for sound public policy then, and it doesn't now.

And I think it's extremely important. We have unemployment right now that's at 9.7 percent. I'm sure it's going to go over 10 percent. More than 30,000 private sector jobs are directly affected by what you're going to do today. In the State of Indiana, it's 2,356 jobs. And right in the Fifth District, it's 1,500 jobs. And our unemployment rate in that State is 10.4 percent. I don't understand, at a time of economic difficulty, you want to do something that's going to put more people out of work, especially when you're talking about a program that didn't work before, it was junked, and now you're going to resurrect it.

I know you'll come up with a million ideas of why we ought to do this, but it's more government control, more government bureaucracy, something that hasn't worked, and the American people simply don't want it. We just passed the stimulus bill, and the stimulus bill obviously hasn't done a great deal to solve the problem.

The CHAIR. The time of the gentleman has expired.

Mr. KLINE of Minnesota. I yield the gentleman an additional 30 seconds.

Mr. BURTON of Indiana. Let me just say to my colleagues that we don't need more government right now; we need less government. We need competition in the private sector. We don't need to take over education like we did the automobile industry, the finance industry, and you're trying to do with the health industry. It doesn't work. Socialism doesn't work. Government control doesn't work.

So I urge my colleagues to reconsider and think. It didn't work before. It won't work now.

ANNOUNCEMENT BY THE CHAIR

The CHAIR. The Chair reminds Members that they must address their remarks to the Chair.

Mr. GEORGE MILLER of California. Madam Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY), a member of the committee.

Mr. TIERNEY. You know, to listen to this debate, Madam Chairwoman, you would think that we were disallowing banks and private lenders from lending. That's not the case at all. If they want to make private student loans, they can. The fact of the matter is that without a subsidy and without a guarantee, they probably won't find themselves very competitive. Right now, the government is providing 60 percent of all the capital that goes in because that market didn't have the liquidity it required in order to keep up those loans.

What we are seeing is the option here for the taxpayers—the same people who are trying to send their kids to school—transferring their money over to private lenders, guaranteeing the loans, giving them subsidies so they can make a profit that will be money that can't be used for Pell Grant scholarships and for low-interest loans.

The people in my district, 100,000 residents in Massachusetts will get more Pell Grant scholarships because we take that money and, instead of giving it to the lenders, we give it to the families. One hundred thousand people in Massachusetts will get lower interest rate loans because we don't take that money and transfer their tax money to private lenders; we, in fact, keep it in the system. So when all that is said and done and we've improved education, as the President has called on us to do, we will put $10 billion back in to pay down our debt.

This is a sad tale when they think that the only way they can keep private lenders in business is if we give them subsidies and then we guarantee their loans. If they want to compete, let them compete. They can make their loans. They can go out any time they want.

But I think the American families are saying they're hard-pressed. Some of them are out of work. Some of them are making less. All of them have more bills to pay for college for their students. They want to be able to have access to those Pell Grant scholarships. They want to have lower interest rate loans so that their children have the opportunity to move forward. Better the opportunity for them than for the private lenders to pad their Wall Street investors' pockets. And that's why we have to move forward on this. That's what is going to improve this country and make us competitive as we move forward.

Mr. KLINE of Minnesota. Madam Chair, at this time, I yield 2½ minutes to the gentleman from Wisconsin (Mr. PETRI).

(Mr. PETRI asked and was given permission to revise and extend his remarks.)

Mr. PETRI. I thank my colleague from Minnesota.

Madam Chair, I rise in support of the Student Aid and Fiscal Responsibility Act, which eliminates the Federal Family Education Loan Program and moves origination of all Federal student loans to the Direct Loan Program.

For over two decades, I have championed direct loans as the most cost-effective way to provide student loans, but the defenders of the archaic FFEL guarantee loan program remain confused, so let me be clear.

Currently, we have two Federal student loan programs which provide the exact same loans to students. FFEL is a Federal program, not a private loan program. Private lenders make the loans with two separate subsidies from the Federal Government: a guaranteed interest rate that's determined through the political process, not the markets, and a guarantee against default losses. Thus, if a student defaults, the taxpayers are on the hook, not the private lender. The profits are private, but the losses are socialized. FFEL is not a free enterprise.

Over the years, FFEL has proven to be fraught with scandal and an unreliable source of funds, and it costs billions of dollars more for the taxpayers. A writer for a conservative columnist Bill Kristol's Weekly Standard Magazine aptly described the FFEL Program as ''a textbook example of crony capitalism.'' In contrast, the Direct Loan Program eliminates the middleman, lending directly from the Treasury, and all servicing and bill collection is handled by private companies operating through performance-based contracts.

Over the years, there has been unanimous agreement by budget experts under both the Clinton and Bush administrations on the excessive costs of FFEL. Earlier this year, an estimate by the CBO once again reiterated this conclusion when it reported that switching to 100 percent direct lending would result in nearly $87 billion in savings.

At this point, I would like to engage in a colloquy with Chairman MILLER.

Chairman MILLER, I support the grant program included in this bill that aims to strengthen community colleges. It's my understanding that public 2-year liberal arts colleges that offer associate degrees and certificate programs, such as the University of Wisconsin Colleges, will be eligible to compete for these funds.

Do you agree with that interpretation?

Mr. GEORGE MILLER of California. If the gentleman would yield, yes, I do agree with the intent of that language.

Mr. PETRI. I thank the gentleman for his assurance. And I thank my colleague for the time.

Mr. GEORGE MILLER of California. Madam Chair, I yield 2 minutes to the gentleman from Illinois (Mr. HARE), a vigorous member of the committee.

Mr. HARE. Madam Chair, I rise in strong support of the Student Aid and Fiscal Responsibility Act. I am particularly pleased with the investment that this bill makes in the Pell Grant, early childhood education, and our Nation's community colleges.

H.R. 3221 provides $76.1 million to increase the maximum Pell Grant in my congressional district to $6,900 by the year 2019. Additionally, over 16,700 Illinois students will now be eligible for Pell scholarships.

The legislation also includes my amendments to remove barriers to expanding access to early learning programs to disadvantaged children, and to encourage States to implement positive behavioral supports in their early childhood education system.

Finally, I added provisions to make west central Illinois's community colleges more competitive for college completion grants and to direct the Institute of Education Sciences to collect data on the location of grant recipients, ensuring that the most remote American communities are accessing funding opportunities.

Again, H.R. 3221 takes bold steps towards improving the accessibility of higher education, invests in our children, and focuses on the important role community colleges play in economic development.

I commend my chairman, Chairman MILLER, and President Obama for this visionary initiative, and I urge all my colleagues to support it.

Mr. KLINE of Minnesota. Madam Chair, at this time, I yield 4 minutes to the distinguished ranking member on the Budget Committee, the gentleman from Wisconsin (Mr. RYAN).

□ 1715

Mr. RYAN of Wisconsin. I thank the chairman.

Madam Chairman, I rise in opposition to this bill. Let me be clear: I support education. It's an indispensable component of America's prosperity. I don't find fault with Pell Grants or student loans. What I find fault with is the way that the math doesn't add up in this bill.

This bill includes a sleight of hand in so many ways that it either raises the deficit by $5.7 billion or by as much as $39 billion. It creates 10 new entitlement programs that will dramatically increase spending over the next 10 years, and it adds to our already alarming levels of borrowing. Let me try and explain what's going on with respect to how the budget gimmicks are employed here.

First off, the bill claims to reduce mandatory spending by $7.8 billion and dedicates that savings to deficit reduction; but through this budget gimmick, the bill shifts $13.5 billion in necessary program administrative costs over to the discretionary category where it cannot be counted by the Congressional Budget Office. With this gimmick removed, the bill actually increases the deficit by $5.7 billion. That's the smallest budget gimmick in this bill.

The second largest budget gimmick in this bill is the way that it is scored, not using the kind of scoring that we use for such things like when we scored Fannie and Freddie or the TARP, where we used risk-adjustment scoring under the credit reform rules. If you actually score it under the accurate rules that the CBO says it ought to be scored under, this bill would raise the deficit by $32 billion.

Beyond that, these 10 new entitlement programs that are being created have artificial sunset dates in the law. The most permanent thing in Washington is a temporary government program; and if you repeal these artificial sunset dates, that's $39 billion added to the deficit, which is according to the Congressional Budget Office.

This bill does not save money. This bill raises the deficit. This bill crowds out the private sector; it deprives students of choices; it uses enormous budget gimmicks, and it exploits the budget reconciliation system to try and say that it's saving money and reducing the deficit when, in actuality, using honest budgeting and honest accounting, it does nothing like that.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Madam Chair, I rise to engage in a colloquy with Mr. MILLER, the distinguished chairman of the Education and Labor Committee.

Chairman MILLER, I rise to discuss an issue that is of critical importance to my district.

We have a unique situation in North Dakota. As you know, the Bank of North Dakota was created by statute in 1919 to meet the needs of North Dakota citizens, and it is the only State-owned bank in the country.

By State statute, the Bank of North Dakota has administered both lending and loan guarantee functions to assist families, schools, and lenders in providing reliable student loans for over 42 years. It is the only bank in the country to perform the guaranteed lending and servicing functions for the Federal student loan program. Mr. Chairman, this important institution has served more than 150,000 borrowers at 20 post-secondary institutions in my State.

The Bank of North Dakota has provided one-to-one counseling and default prevention workshops for schools and lenders, providing techniques to use when counseling borrowers on their student loan debt. The result has been an extremely low default rate under the FFEL loans administered by the Bank of North Dakota.

For all of these reasons, I've been a huge supporter of this Bank of North Dakota student lending program. I commend the work that its 55 State employees have done to make college accessible for North Dakota students. I have received concerns about altering

the Bank of North Dakota's role in student lending programs, and I would like to address that issue.

Mr. GEORGE MILLER of California. Will the gentleman yield?

Mr. POMEROY. I yield to the gentleman.

Mr. GEORGE MILLER of California. I thank the gentleman for his attention to this issue. I recognize that the Bank of North Dakota is an important institution in North Dakota and is different from any other lending institution in the country.

Mr. POMEROY. I acknowledge that this legislation ensures a role for private lenders in the servicing of loans. Particularly, I thank the chairman for his inclusion of a provision that ensures nonprofit entities, such as the Bank of North Dakota, will be able to service student loans in their States.

Will you work with me, Mr. Chairman, as this legislation moves to conference, to ensure that the Bank of North Dakota can continue to participate in the Federal lending program?

Mr. GEORGE MILLER of California. If the gentleman will yield, yes, I will work with you, as this legislation moves to conference, to ensure that State banks have a continued role in the Federal student lending program.

Mr. POMEROY. I thank the Chair.

Mr. KLINE of Minnesota. Madam Chair, at this time, I am pleased to yield 2 minutes to the distinguished gentleman from Georgia, Dr. PRICE, a member of the committee.

Mr. PRICE of Georgia. Madam Chairman, here we are again—growing government. The Student Aid and Fiscal Responsibility Act, an Orwellian title to say the least, marks the culmination of a 44-year journey to finally end the private student lending system, but is doing so in the midst of the worst economic downturn in generations.

Now, perhaps my friends on the other side didn't notice this fact, but they must be ignoring that there are more than 14 million Americans unemployed on their watch. This legislation has real consequences for the economy, specifically in regard to job losses.

Based on an employment survey of private lending loan participants, conducted jointly by the Consumer Bankers Association, the Education Finance Council and the National Council of Higher Education Loan Programs, this plan targets and may eliminate up to 30,000 private-sector jobs. So nearly every State could expect to see job losses when the Democrats ''invest in education.''

Remember, this is in the midst of the worst economic downturn in generations. It really has reached a point where the question has got to be asked: Is there any sector of the economy that the Democrats aren't planning to have the government control and dominate? Taking over the entire student lending system is just the latest example after health care, the national energy tax, financial institutions, and auto bailouts. Madam Chair, you could go on and on and on.

The other side is clearly more committed to creating more bureaucracy than in preserving jobs, and more bureaucracy is exactly what happens when you have a public option in this or in any other arena.

The finances, as my friend from Wisconsin talked about, would be laughable if they weren't so serious. Ten new entitlement programs convert the Perkins Loan Program from a discretionary program to a mandatory program. They create a new college access and completion fund with four new programs, costing $3 billion.

The CHAIR. The time of the gentleman has expired.

Mr. KLINE of Minnesota. I yield the gentleman an additional 30 seconds.

Mr. PRICE of Georgia. It creates a new $4.9 billion mandatory fund program to modernize, renovate, and repair public elementary and secondary schools. That's right, Madam Chair. It's Federal money for building local schools. They create the 70th—get that, Madam Chair—the 70th program for early learning programs in this Nation at a cost of $8 billion. You'd think we could have relied on the previous 69. It's a bad idea, even after 44 years, whose time has not come.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from Oregon (Mr. WU), a member of the committee.

Mr. WU. Thank you, Mr. Chairman.

Madam Chair, what is truly Orwellian is the distortion of argument presented by the other side in this debate because—do you know what?—any bank that wants to make a student loan can continue to make a student loan. What will not happen anymore is making those student loans with a taxpayer subsidy, a subsidy where not only is there a guaranteed interest rate but where the deal is that the taxpayer keeps the bad loans and the private sector, the bank, gets to keep the good loans. That's not going to happen anymore. Who is going to benefit? Students.

I want to rise in support of this bill, not only because of the tremendous advances in student financial aid—in Pell Grants and in working toward a better loan rate for students—but also because of the assistance to local schools to build safer, more energy-efficient schools, which would be better learning environments. Also, it will return jobs, and it will be more energy efficient for local communities.

So many of our communities are in urgent need of renovated schools, and recent estimates show that America's schools need billions of dollars in retrofitting and repair just to have safe and healthy learning environments for our kids. The funds in this bill will also help our schools return money to our communities by saving energy and creating jobs.

I want to especially thank Chairman MILLER for working with me to add seismic retrofitting, better storm water runoff systems and additional clean energy sources as permissible uses under this bill for our local schools. In a place like Oregon, where better, sound science has found that we have a much higher earthquake risk than we originally thought—and that science has just come out in the last 10 or 15 years—we urgently need the seismic retrofits and other safety measures. So I want to commend the Chair for working with me on this.

I urge support for this legislation with all of its important components to create healthy and safe schools and also to financially assist college students through school.

Mr. KLINE of Minnesota. Madam Chair, may I inquire again as to the time remaining.

The CHAIR. The gentleman from Minnesota has 4 minutes. The gentleman from California has 6½ minutes.

Mr. KLINE of Minnesota. Madam Chair, at this time, I am pleased to yield 3 minutes to the gentleman from East Tennessee, Dr. ROE.

Mr. ROE of Tennessee. I thank the gentleman for yielding.

Madam Chair, I rise in opposition to H.R. 3221. What we are doing here today is using our country's financial crisis as an excuse to eliminate an industry that has proven to be more popular and at least as well run, if not more so, than its government counterpart. I might add that my son just used this program for his own education.

A unified Democratic majority of the House, Senate and White House created the Direct Loan Program in 1993. Back then, many Republicans were skeptical that the Democrats' intention was to simply ''introduce competition and keep private lenders honest.'' In what is literally their first opportunity since then with a unified majority, they are proving Republicans' suspicions correct. The comparisons to our health care debate are obvious and too strong to ignore.

In the debate we are having on health care, our friends on the other side of the aisle are making the case that we need the government and private industry to compete to provide consumers the best choice. So it's astonishing that we're considering a bill that eliminates the Federal Family Education Loan program, which consumers are choosing by a nearly 3–1 margin over its government-run Direct Loan Program alternative. So much for competition.

What's worse is this legislation may increase the deficit even more. If we use CBO's generous assumptions, this bill will save $13 billion over the first 5 years, but only $7 billion over the next 10 years. That means in the second 5 years of the bill's scope, the bill will actually cost taxpayers $6 billion in new funding. This does not even begin to address what happens in the second 10 years when the spending doesn't have to be offset. It's just so disingenuous to pass more debt on to future generations while calling our actions

''fiscally responsible.'' That's only if the assumptions are correct. The CBO has estimated that, if the default rates run higher than their estimates, this bill could cost taxpayers $33 billion more in 10 years.

The spending would be less troubling if it weren't mandatory spending, which means it goes on autopilot and is never reviewed by Congress for effectiveness, and it never has to comply with annual budgets.

The most disappointing aspect of this whole debate is that there is an obvious bipartisan alternative that achieved 388 votes in the last Congress. The Ensuring Continued Access to Student Loan Act, which ensures that private lenders can make it through a tough credit crisis, should be what we're considering today instead of this partisan approach.

Since passing in the last Congress, we should all be commending Chairman MILLER and members of the committee who were here last year for a job well done. Instead, the Democrats are, once again, trying to have the government take over private industry, which is providing a service the American people like.

Here is the bottom line in this debate: if you like multibillion dollar programs that have zero oversight from Congress and are on autopilot, vote for this bill. If you like to increase unemployment, you should vote for this bill. If you believe Washington bureaucrats will improve their performance and will find ways to become more efficient by eliminating their competition, you should definitely support this bill.

If you feel like we should be seeking common, bipartisan ground on the future of our children's education, please join me in voting ''no'' on this program and in voting ''yes'' on the Kline amendment.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from New Hampshire (Ms. SHEA-PORTER).

Ms. SHEA-PORTER. I thank Chairman MILLER for yielding me time and for his leadership on this bill.

Madam Chair, as a member of the Committee on Education and Labor, I rise to express my support for the Student Aid and Fiscal Responsibility Act.

With this legislation, we are investing in our students. We are providing needed dollars to improve our early education programs and to rebuild our schools. We simplify the student aid application, the dreaded FAFSA. We invest $40 billion in Pell Grants. We do this, and we produce a savings of $10 billion over the next 10 years. I am pleased that we also recognize the important work done by the local nonprofits in our communities by ensuring them a continued role in the servicing of student loans.

In my home State of New Hampshire, we have one of these local nonprofits, the New Hampshire Higher Education Assistance Foundation. NHHEAF is a well-respected member of our community, and it provides many jobs. I am proud that, through our working committee, we were able to ensure that NHHEAF continues to provide services to our students and to their families through both loan servicing and new grant programs provided for in this legislation.

I am proud to be an original cosponsor, and I urge a ''yes'' vote so we can help American students and their families.

Mr. KLINE of Minnesota. Madam Chair, I reserve the balance of my time.

Mr. GEORGE MILLER of California. I yield 1 minute to the gentlewoman from California (Ms. PELOSI), our Speaker.

□ 1730

Ms. PELOSI. Thank you to the chairman for giving me this opportunity to come to the floor in strong support of the Student Aid and Fiscal Responsibility Act. I do so because education is the best investment individuals can make in themselves, parents can make in their children, and a Nation can make in its citizens and in its future.

Today is possible because of the leadership of the distinguished chairman of the Education and Labor Committee, Congressman GEORGE MILLER. Students across America have no better advocate for affordable and accessible higher education. Thank you, Mr. MILLER.

I would also like to acknowledge the chairman of the Subcommittee on Higher Education, Lifelong Learning and Competitiveness—I love that trio of jurisdiction—and a national leader on college affordability, Congressman RUBEN HINOJOSA. To them and all of the members of the Education and Labor Committee, we are all in your debt.

We all know that for every additional year of higher education, an individual's earnings increase about 10 percent. We know that education is key to the prosperity of our Nation, the prosperity of the individual, the prosperity of the Nation.

But for far too many, a quality higher education has been simply unaffordable. I have heard of cases where parents have been hesitant to encourage their children to strive for college because they can't afford to send them. What sadder testimony could there be for prospects for that person.

Expanding access to higher education is essential to building America's way out of recession and keeping our Nation competitive. Innovation begins in the classroom. It is essential that we prepare our students for 21st century jobs by providing all Americans with the skills they need to compete.

When Democrats came to the majority in 2007, we passed in a bipartisan way the College Cost Reduction and Access Act. That was the single largest investment in education since the GI Bill in 1944, until today.

Today we will make the largest investment in making college more affordable in the history of our Nation. On the 100th day of President Obama's presidency, in the House and in the Senate, we passed the budget. The President had three pillars for turning the economy around, for creating jobs in that budget, to create jobs to give tax breaks to the middle class and to reduce the deficit. The three pillars for turning the economy around and creating jobs were investments in education, in health care, and in a new energy policy for good, green jobs for the future.

Today, we are passing legislation to support the education pillar of that budget. Again, education is essential to the fulfillment of individuals, the competitiveness of our Nation, and it is the foundation of our democracy.

This bill is a great bill, and I want to again reiterate what others have said. It invests $40 billion in Pell Grants and increases the maximum grant that can be awarded. That makes a big difference to our students. It invests more than $2.5 billion in Historically Black Colleges and Universities and Minority-Serving Institutions, a big issue for Mr. HINOJOSA and for many of us here. It strengthens the Perkins Loan Program that provides low-cost loans to students. It keeps interest rates low for those who have Federal student loans. This is very important.

This means that more students will enter college, that they will graduate with less debt, and that the Federal loan initiatives that they and their families depend upon are strengthened for decades to come. On top of all of that, taxpayers will save money.

Under Mr. MILLER's leadership, we are investing in our children without heaping mountains of debt upon them. This legislation is fiscally responsible, following the strict standards of the pay-as-you-go spending and saving for the taxpayer.

You heard all the things I said about Pell Grants and college investments and Perkins loans and low interest rates. With the $87 billion in taxpayer savings that this bill achieves, we are able to do all of that by switching to a Direct Loan Program. So it invests $77 billion back into the education of our people while reducing the Federal entitlement spending by $10 billion. That's billion with a ''B.''

This legislation seizes the opportunity to strengthen our Nation by making an historic commitment to our students and a landmark investment in our future. I urge my colleagues to join the distinguished chairman and members of the committee in a bipartisan way and vote ''aye.''

Mr. KLINE of Minnesota. Madam Chair, I will continue to reserve.

Mr. GEORGE MILLER of California. I yield 3 minutes to the gentleman from New Jersey (Mr. ANDREWS), a member of the committee.

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. Madam Chair, I thank our chairman for yielding, and I rise in strong support of this bill.

The issues before the House, tonight, Madam Chair, are these: Do you agree or disagree that the time has come to make college more affordable for men and women around this country, by making Pell Grant scholarships more available, student loans less expensive, more available. I think most people would say, Yes, we do agree with that.

The issue before the House tonight is, is it time for the country to make an investment in the youngest Americans, 3- and 4- and 5-year-olds who have yet to go to formal school so they get the highest level of achievement early in their lives. I think most people would say yes, the answer is yes.

The question before the House tonight is that at a time when many of our schools are inefficient, falling apart, badly in need of repair or replacement, is it time to put Americans back to work in repairing and rebuilding some of those schools? I think, Madam Chair, most people would say, yes, it is time to do that.

But they are worried about the fiscal crisis that this administration and this Congress inherited. So maybe we shouldn't do those things.

But if there is a way to reduce the deficit and achieve the things I just talked about, wouldn't it make sense to do that? And I think most would say, yes, it most certainly would, and that is precisely what the bill before us tonight does.

The Congressional Budget Office, a fair, nonpartisan arbiter of the facts, said the following: The status quo student loan program that takes taxpayer money and gives it to private lenders and then rewards them to take a risk, not with their money, but with ours, doesn't make any sense.

Let me say that again. The way the present program works is that private lenders get money from the taxpayers, take a risk with the taxpayers' money, and get paid a reward for taking that risk.

Now, it is fine to take a risk with your own money—and we should encourage that in this country. But when you are taking a risk with the taxpayers' money, you shouldn't be rewarded for it. This bill stops that practice, and the Congressional Budget Office says that yields $87 billion in savings over the next few years.

Here's what we do. We invest $77 billion of that in the education of the people in this country, the strongest engine of economic growth known to this country, educating men and women to be scientists and teachers and engineers and craftsmen and craftswomen, educate our young children, repair our schools that are in need of repair.

But then, the bill also takes $10 billion and reduces the deficit that we inherited. This is a chance to vote ''yes'' for college scholarships and loans. It's a chance to vote ''yes'' for educating the youngest Americans. It's a chance to vote ''yes'' to rebuild our crumbling schools and vote ''yes'' for deficit reduction.

I urge a ''yes'' vote.

Mr. KLINE of Minnesota. Madam Chair, can I inquire of the Chair the remaining time?

The CHAIR. The gentleman from California has 1 minute remaining and the gentleman from Minnesota has 1 minute remaining.

Mr. KLINE of Minnesota. Madam Chair, I yield myself the remainder of my time.

It is clear, Madam Chair, that there is some dispute over what this does to the deficit. But I would argue that looking at the latest information from, as my friend from New Jersey says, the fair, nonpartisan arbiter of the facts, the Congressional Budget Office, this legislation will add to the deficit somewhere between $15 billion and $50 billion, subject to debate.

What is absolutely clear is that forcing the public option is a government takeover. It does grow a government with more new programs, and it does force job losses. I think that's indisputable.

Madam Chair, this is bad policy, it's a bad bill, and I urge a ''no'' vote.

Madam Chair, I yield back the balance of my time.

Mr. GEORGE MILLER of California. Madam Chair, I believe that many of those facts just cited are in dispute but I just want to say this: We got off to a rather fast start this afternoon, and I want to take a moment just to thank all of the members of the committee who worked so hard on this legislation, and I want to thank the Rules Committee for making the rule in order.

I want to thank the minority. I know they don't agree with this legislation, but I appreciate the work that they have done with us on facilitating the markup of this legislation and bringing it to the floor. I just wanted to acknowledge that. We kind of just got right into the bill.

But I wanted to say that on behalf of all of the staffs that have worked together. Again, they don't agree on the outcome or the bill in this fashion, but we still have to work together to meet our obligations as a committee to this House, and I wanted to take time to thank everybody.

Mr. PLATTS. Madam Chair, today, we will be considering as part of the Manager's Amendment, an opportunity to provide financial assistance for higher education to the children of police officers, firefighters, and other first responders who made the ultimate sacrifice in the line of duty. Based on the Children of Fallen Heroes Scholarship Act that Representative PATRICK MURPHY introduced—with myself as a lead cosponsor—a child of one of these fallen service men and women would become automatically eligible for the maximum Pell Grant amount. This benefit already exists for the children of military servicemembers who are killed in action.

This legislation is aimed at ensuring we do right by police officers, firefighters and other first responders who put their own lives at risk everyday to keep us safe. Making a college education more accessible to the children of these fallen heroes is an important expression of our Nation's gratitude. This legislation is a justified price for our Nation to pay to ensure that those serving on the front lines in our communities know that a higher education will be within their children's reach should the unthinkable happen.

Mr. MCKEON. Madam Chair, the Federal Family Education Loan Program has been in place since the 1960's and has successfully allowed millions of students to further their education. And yet the Majority, today, seeks to eliminate this program that works so well. It is innovative, creative, adaptive, and flexible, none of which the federally-run Direct Loan program can match.

In contrast, the federally-run Direct Loan program began in 1992. It was supposed to ''compete'' with the private option. Included in the program was a subsidy to schools that participated in the new program; an incentive. It didn't work. The highest percentage of the student loan market that Direct Loans ever commanded was 34 percent.

Despite the limitations of the federally-run Direct Loans, the Majority will vote today to shut the more successful FFEL program down and consolidate the entire federal student loan program into the Direct Loan program.

In the Federal Family Education Loan program, which features a public-private partnership, there are more than 4,000 participating institutions. Students attending these institutions have received approximately $66 billion this year.

In comparison, in the federally-run Direct Loan program, where the loans come directly from the government, there are roughly 1,700 institutions. Students attending these institutions have received approximately $22 billion this year.

This is clearly a case of schools ''voting with their feet.''

The Administration has argued that the FFEL program is ''on life support,'' and does not provide a stable source of capital. With all due respect, this is like arguing that the federal government should directly manufacture and sell cars because the Administration is now assisting Chrysler and GM.

For some reason, Democrats believe that with all of the different types of lenders out there—from mortgage lenders, to small business lenders, to consumer lenders—it is student lenders that are ripe for a federal monopoly.

So to those who claim the FFEL program does not work, I would only ask you to look back on the last 40+ years before the credit crisis that crippled our entire financial system. The private sector is and has been a stable source of capital—it's one that has served millions of students and families for decades. Instead of trying to keep private capital and innovation out of student lending permanently, perhaps we should be looking for ways to bring it back.

The Federal Government has its hands in the financial services industry, the insurance industry, the auto industry, and now wants to get its hands on the energy industry, medical industry, and the student loan industry. Not to mention a plethora of new Czars with no accountability to the American people. Saddling taxpayers with close to $50 billion in additional risk and stripping them of their freedom to

choose how to best fund their education is completely irresponsible.

And I find it truly remarkable that at a time when the federal government should be helping create a climate conducive to job growth that they would choose to eliminate an entire private industry that helps students, employs over 35,000 people, and is much more effective than a government run program.

I urge a strong ''no'' vote on this bill.

Ms. JACKSON-LEE of Texas. Madam Chair, I stand here today to express my support for H.R. 3221, The Student Aid and Fiscal Responsibility Act. With an emphasis on improving access to financial support for higher education, increasing educational opportunities and preparing students for 21st century jobs by providing the resources they need to compete, H.R. 3221 ensures that we will be able to effectively rise up out of the ashes of what has been categorized as the longest and deepest economic downturn since the Great Depression. The national economic crisis has begun to infiltrate every corner of this country, and my home state of Texas is no exception.

In the midst of this very difficult economic climate, there has never been a more important and relevant time for the passage of H.R. 3221, the Student Aid and Fiscal Responsibility Act, which provides access to affordable quality education opportunities. In accordance with President Obama's statement that the best investment in our economic future is an investment in our children's education, this important legislation helps to make college and post secondary education more affordable, and subsequently takes the necessary steps to invest in our country's economic future, all at no new cost to taxpayers.

By making college more affordable, H.R. 3221 will enable more American students to not only matriculate on to higher education, but it will enable them to have the financial capability to graduate. This legislation provides all federal student loan borrowers with upgraded and modernized customer service, by providing them access to a public-private partnership that will serve as a resource for loan support. H.R. 3221 prepares students and graduates for 21st century jobs by providing Americans with the requisite skills and cutting edge resources they need to compete in today's job market.

EARLY EDUCATION

This vital legislation ensures that the next generation of students enters kindergarten with the skills they need to succeed in school, by reforming state standards and practices for birth-to-five early learning programs. This will have an immediate and direct impact on low income children entering kindergarten with the school readiness skills needed to succeed at this critical stage in learning development.

It is important to note that H.R. 3221 creates an Early Learning Challenge Fund, which would award competitive grants to states that implement overall standards-based reform, thereby incentivizing each state to transform their early education standards and practices, to build an effective early childhood workforce, and improve the school readiness outcomes of young children from every demographic and every socio-economic background.

DIRECT LOAN PROGRAM

H.R. 3221 provides reliable, affordable high-quality Federal student loans for all families. By strengthening the Pell Grant System, and by converting all new federal student lending funds to the stable, effective and cost-efficient Direct Loan program, the proper lending infrastructure to ensure a solid lending program removed from the fluctuations of the economy will be in place. Beginning in July 2010, new federal student loans will be originated through the Direct Loan program, rather than through lenders who are subsidized by taxpayers in the federally-guaranteed student loan program. One of the major benefits of the Direct Loan program is that unlike lender-based programs, the Direct Loan program is insulated from market swings, will enable students to have access to low-cost federal college loans irrespective of the current state of the economy.

FISCAL RESPONSIBILITY AND FINANCIAL LITERACY

My concern for the importance of instilling a sense of fiscal responsibility in our youth runs deep. Recent studies have indicated that young people do not even know basic financial topics such as the impact of student loans on one's credit, how to balance a checkbook, and the impact of automobile loans on one's credit. Because of my concern that young people are not sufficiently informed about financial literacy, this year I introduced H.R. 1325, to require financial literacy counseling for borrowers, and for other purposes. H.R. 1325 is relevant in the discussion of financial aid and fiscal responsibility, because approximately two-thirds of students borrow to pay for college according to the Center for Economic and Policy Research. Moreover, one in ten of student borrowers have loans more than $35,000. This legislation was designed to ensure that our nation's college students will be more prepared when incurring student loan debt and help them to avoid default as student loans severely impact one's credit score.

Currently there is about $60 billion in defaulted student loan debt. Many students do not understand the reality of repaying student debt while taking out these loans. While most Americans have debt of some kind, student loan repayment is especially scary, as one cannot just declare bankruptcy and have their loans discharged. Due to the lack of financial literacy counseling for borrowers, student loan payments are often higher than expected. Recent graduates are unable to afford the monthly payments resulting in them living paycheck to paycheck, acquiring credit card debt and in extreme cases, grads leaving the country in order to avoid repayment and debt collectors.

Students and parents are not currently receiving the proper or any information of the burden that their student loans will have once they graduate. This is possibly a result of the relationship between student loan companies and universities, as some lenders offer universities incentives to steer borrowers their way.

College campuses are one place that young Americans are introduced to credit and the possibility of living beyond their means. With proper loan and credit counseling the burden of debt incurred in college could be greatly reduced. Especially in this time of recession, financial literacy is one of the most important tools that we can give to our students in order to ensure their success in the future.

My resolution was crafted to provide financial literacy training to students taking out Federal Student Loans and will require a minimum of 4 hours of counseling including entrance and exit counseling. Counseling will include the fundamentals of basic checking and savings accounts, budgeting, types of credit and their appropriate uses, the different forms of student financial aid, repayment options, credit scores and ratings, as well as investing.

INCREASING FUNDING FOR EDUCATION

Madam Chair, I also would like to address the relevance of this measure to our nation's Historically Black Colleges and Universities (HBCUs), and minority serving institutions, and to thank Chairman MILLER, other members of the Committee and the staff for taking bold and necessary steps to ensure the long-term and robust engagement of these institutions for many years to come. I have always been a proponent of increasing educational opportunities for students of every level, from every socioeconomic background throughout our nation will yield the greatest return on our investment. Providing access to educational opportunities is critical to the nation's long term prosperity. Most recently I advocated on behalf of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act of 2010, H.R. 329, which sought to make the necessary investments to provide children with a 21st century education, will provide the resources to modernize our schools and colleges, and will provide funding to make college more affordable.

Just as I supported past legislation like H.R. 3081, the American Recovery and Reinvestment Act of 2009, which placed a premium on providing funding for and lending institutional support to our Historical Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs), the Student Aid and Fiscal Responsibility Act invests $2.55 billion in HBCUs and Minority-Serving Institutions to provide students with the support they need to stay in school and graduate.

HBCUs and PBIs as defined in the Higher Education Act of 1965, as amended (HEA) as the following: A historically Black college or university is an institution of higher education established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation. Historically Black colleges or universities also include any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs under HEA Section 321 and was formally recognized by the National Center for Education Statistics as a Historically Black College or University.

Predominantly Black Institutions are defined in HEA Section 318. These institutions meet basic eligibility under Title III, Section 312(b) and serve at least 40 percent Black American students. Basic eligibility under Title III, Section 312(b) of the HEA is met by institutions that:

have low educational and general expenditures (E&G) or seek a waiver by submitting evidence that is both persuasive and compelling to have this requirement waived;

have a requisite enrollment of needy students;

are legally authorized within their respective state to award bachelors degrees or are a community college; and

are accredited by a nationally or state recognized accrediting agency.

An institution is considered to have met the enrollment of needy students criterion if (1) at least 50 percent of its degree-seeking students receive financial assistance under one or more of the following programs: Federal Pell Grant Program, Federal Supplemental Educational Opportunity Grant Program, Federal Work-Study Program and/or the Federal Perkins Loan Program or (2) the percentage of its undergraduate degree-seeking students who were enrolled at least half-time and received a Federal Pell Grant met or exceeded the average for similar institutions.

We must invest in our nation's Historically Black Colleges and Universities (HBCUs) and other Minority Serving Institutions. A digital disparity between HBCU campuses and their counterparts currently exists. There is a significant need among HBCUs to update technological equipment and to develop advanced and cutting edge educational and technological opportunities for students. In the face of the adversity that outdated technology poses, HBCUs continue to generate thousands of African-American graduates who are prepared to compete in and contribute to our global economy. HBCUs represent nine of the top ten colleges that graduate the most African-Americans who go on to earn Ph.D.s. HBCUs and PBIs continue to provide opportunity and advancement to African-American students, and therefore are worthy of federal support.

Accordingly, my past legislative efforts have supported efforts to provide $653 million to strengthen the capacity of HBCUs and PBIs, Hispanic-serving Institutions, Tribal Colleges and Universities and Native American-serving Institutions, Asian Pacific Islander, and Native American Institutions. In the state of Texas, we have Tribal, Hispanic and African American populations that will benefit greatly from provisions that provide mandatory funding for the next 10 years. As the nation meets the demands associated with global competitiveness and changing demographics, resources provided in this measure very much are need to ensure our nation's long-term viability. The $85 million designated annually for HBCUs is particularly noteworthy, and will contribute greatly to helping these historic institutions in equipping students with the skills and exposure needed to drive globally relevant innovations and nationally relevant achievement.

Additionally, the measure provides unprecedented increases in student aid—particularly for the Pell Grant and Perkins Loan programs. Most notably, by ensuring that all new federal student loans will be processed through the Direct Student Loan program, the bill is expected to generate $87 billion in savings over the next ten years. These savings will be reinvested in other worthy projects benefiting community colleges and expanding the number of students who enroll and graduate from college.

As a Representative from the 18th Congressional District of Texas, I know firsthand that this will enable HBCUs like Texas Southern University in my district and Prairie View A&M University just outside of my district to thrive.

My past support of bills such as H.R. 3293 have advocated on behalf of an investment of $15.9 billion for Title I Education for the Disadvantaged Children Account, which will provide much needed support to underprivileged children in Grades K through 12, and will give hope to the low income families in my district in Houston, that their children will receive quality education. There is no greater investment in our country than an investment in our children's opportunity to obtain a quality education. I urge my colleagues today to pass this critical piece of legislation, as our nation's long-term prosperity hangs in the balance. Madam Chair, I support this legislation. I urge my colleagues to do the same.

Mr. GEORGE MILLER of California. Madam Chair, I yield back the balance of my time.

The CHAIR. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment is as follows:

H.R. 3221

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Student Aid and Fiscal Responsibility Act of 2009''.

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

Sec. 101. Federal Pell Grants.
Sec. 102. College Access and Completion Innovation Fund.
Sec. 103. Investment in historically Black colleges and universities and other minority-serving institutions.
Sec. 104. Investment in cooperative education.
Sec. 105. Loan forgiveness for servicemembers activated for duty.
Sec. 106. Veterans Educational Equity Supplemental Grant Program.

Subtitle B—Student Financial Aid Form Simplification

Sec. 121. General effective date.
Sec. 122. Treatment of assets in need analysis.
Sec. 123. Changes to total income; aid eligibility.

TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

Sec. 201. Federal Family Education Loan appropriations.
Sec. 202. Scope and duration of Federal loan insurance program.
Sec. 203. Applicable interest rates.
Sec. 204. Federal payments to reduce student interest costs.
Sec. 205. Federal PLUS Loans.
Sec. 206. Federal Consolidation Loan.
Sec. 207. Unsubsidized Stafford loans for middle-income borrowers.
Sec. 208. Loan repayment for civil legal assistance attorneys.
Sec. 209. Special allowances.
Sec. 210. Revised special allowance calculation.
Sec. 211. Origination of Direct Loans at institutions located outside the United States.
Sec. 212. Agreements with institutions.
Sec. 213. Terms and conditions of loans.
Sec. 214. Contracts.
Sec. 215. Interest rates.

Subtitle B—Perkins Loan Reform

Sec. 221. Federal Direct Perkins Loans terms and conditions.
Sec. 222. Authorization of appropriations.
Sec. 223. Allocation of funds.
Sec. 224. Federal Direct Perkins Loan allocation.
Sec. 225. Agreements with institutions of higher education.
Sec. 226. Student loan information by eligible institutions.
Sec. 227. Terms of loans.
Sec. 228. Distribution of assets from student loan funds.
Sec. 229. Implementation of non-title IV revenue requirement.
Sec. 230. Administrative expenses.

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR

Subtitle A—Elementary and Secondary Education

Sec. 301. Definitions.

CHAPTER 1—GRANTS FOR MODERNIZATION, RENOVATION, OR REPAIR OF PUBLIC SCHOOL FACILITIES

Sec. 311. Purpose.
Sec. 312. Allocation of funds.
Sec. 313. Allowable uses of funds.
Sec. 314. Priority projects.

CHAPTER 2—SUPPLEMENTAL GRANTS FOR LOUISIANA, MISSISSIPPI, AND ALABAMA

Sec. 321. Purpose.
Sec. 322. Allocation to local educational agencies.
Sec. 323. Allowable uses of funds.

CHAPTER 3—GENERAL PROVISIONS

Sec. 331. Impermissible uses of funds.
Sec. 332. Supplement, not supplant.
Sec. 333. Prohibition regarding State aid.
Sec. 334. Maintenance of effort.
Sec. 335. Special rule on contracting.
Sec. 336. Use of American iron, steel, and manufactured goods.
Sec. 337. Labor standards.
Sec. 338. Charter schools.
Sec. 339. Green schools.
Sec. 340. Reporting.
Sec. 341. Special rules.
Sec. 342. Promotion of employment experiences.
Sec. 343. Advisory Council on Green, High-Performing Public School Facilities.
Sec. 344. Education regarding projects.
Sec. 345. Availability of funds.

Subtitle B—Higher Education

Sec. 351. Federal assistance for community college modernization and construction.

TITLE IV—EARLY LEARNING CHALLENGE FUND

Sec. 401. Purpose.
Sec. 402. Programs authorized.
Sec. 403. Quality pathways grants.
Sec. 404. Development grants.
Sec. 405. Research and evaluation.
Sec. 406. Reporting requirements.
Sec. 407. Construction.
Sec. 408. Definitions.
Sec. 409. Availability of funds.

TITLE V—AMERICAN GRADUATION INITIATIVE

Sec. 501. Authorization and appropriation.
Sec. 502. Definitions; grant priority.
Sec. 503. Grants to eligible entities for community college reform.
Sec. 504. Grants to eligible States for community college programs.
Sec. 505. National activities.

SEC. 3. REFERENCES.

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

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

SEC. 101. FEDERAL PELL GRANTS.

(a) AMOUNT OF GRANTS.—Section 401(b) (20 U.S.C. 1070a(b)) is amended—

(1) by amending paragraph (2)(A) to read as follows:

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

''(i) the maximum Federal Pell Grant, as specified in the last enacted appropriation Act applicable to that award year, plus

''(ii) the amount of the increase calculated under paragraph (8)(B) for that year, less

''(iii) an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.''; and

(2) by amending paragraph (8), as amended by the Higher Education Opportunity Act (Public Law 110–315), to read as follows:

''(8) ADDITIONAL FUNDS.—

''(A) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, to carry out subparagraph (B) of this paragraph (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated) the following amounts—

''(i) $2,030,000,000 for fiscal year 2008;

''(ii) $2,733,000,000 for fiscal year 2009; and

''(iii) such sums as may be necessary for fiscal year 2010 and each subsequent fiscal year to provide the amount of increase of the maximum Federal Pell Grant required by clauses (ii) and (iii) of subparagraph (B).

''(B) INCREASE IN FEDERAL PELL GRANTS.—The amounts made available pursuant to subparagraph (A) shall be used to increase the amount of the maximum Federal 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) $490 for each of the award years 2008–2009 and 2009–2010;

''(ii) $690 for the award year 2010–2011; and

''(iii) the amount determined under subparagraph (C) for each succeeding award year.

''(C) INFLATION-ADJUSTED AMOUNTS.—

''(i) AWARD YEAR 2011–2012.—For award year 2011–2012, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to—

''(I) $5,550 or the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), whichever is greater, increased by a percentage equal to the annual adjustment percentage for award year 2011–2012; reduced by

''(II) $4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

''(III) rounded to the nearest $5.

''(ii) SUBSEQUENT AWARD YEARS.—For award year 2012–2013 and each of the subsequent award years, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to—

''(I) the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), increased by a percentage equal to the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined; reduced by

''(II) $4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

''(III) rounded to the nearest $5.

''(iii) LIMITATION ON DECREASES.—Notwithstanding clauses (i) and (ii), if the amount determined under clause (i) or (ii) for an award year is less than the amount determined under this paragraph for the preceding award year, the amount determined under such clause for such award year shall be the amount determined under this paragraph for the preceding award year.

''(iv) DEFINITIONS.—For purposes of this subparagraph—

''(I) the term 'annual adjustment percentage' as it applies to an award year is equal to the sum of—

''(aa) the estimated percentage change in the Consumer Price Index (as determined by the Secretary, using the definition in section 478(f)) for the most recent calendar year ending prior to the beginning of that award year; and

''(bb) one percentage point; and

''(II) the term 'total maximum Federal Pell Grant' as it applies to a preceding award year is equal to the sum of—

''(aa) the maximum Federal Pell Grant for which a student is eligible during an award year, as specified in the last enacted appropriation Act applicable to that preceding award year; and

''(bb) the amount of the increase in the maximum Federal Pell Grant required by this paragraph for that preceding award year.

''(D) PROGRAM REQUIREMENTS AND OPERATIONS OTHERWISE UNAFFECTED.—Except as provided in subparagraphs (B) and (C), nothing in this paragraph shall be construed to alter the requirements and operations of the Federal Pell Grant Program as authorized under this section, or to authorize the imposition of additional requirements or operations for the determination and allocation of Federal Pell Grants under this section.

''(E) AVAILABILITY OF FUNDS.—The amounts made available by subparagraph (A) for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.''.

(b) CONFORMING AMENDMENTS.—Title IV (20 U.S.C. 1070 et seq.) is further amended—

(1) in section 401(b)(6), as amended by the Higher Education Opportunity Act (Public Law 110–315), by striking ''the grant level specified in the appropriate Appropriation Act for this subpart for such year'' and inserting ''the Federal Pell Grant amount, determined under paragraph (2)(A), for which a student is eligible during such award year'';

(2) in section 402D(d)(1), by striking ''exceed the maximum appropriated Pell Grant'' and inserting ''exceed the Federal Pell Grant amount, determined under section 401(b)(2)(A), for which a student is eligible'';

(3) in section 435(a)(5)(A)(i)(I), by striking ''one-half the maximum Federal Pell Grant award for which a student would be eligible'' and inserting ''one-half the Federal Pell Grant amount, determined under section 401(b)(2)(A), for which a student would be eligible'';

(4) in section 483(e)(3)(ii), by striking ''based on the maximum Federal Pell Grant award at the time of application'' and inserting ''based on the Federal Pell Grant amount, determined under section 401(b)(2)(A), for which a student is eligible at the time of application'';

(5) in section 485E(b)(1)(A), by striking ''of such students' potential eligibility for a maximum Federal Pell Grant under subpart 1 of part A'' and inserting ''of such students' potential eligibility for the Federal Pell Grant amount, determined under section 401(b)(2)(A), for which the student would be eligible''; and

(6) in section 894(f)(2)(C)(ii)(I), by striking ''the maximum Federal Pell Grant for each award year'' and inserting ''the Federal Pell Grant amount, determined under section 401(b)(2)(A), for which a student may be eligible for each award year''.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) of this section shall take effect on July 1, 2010.

SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVATION FUND.

(a) HEADER.—Part E of title VII (20 U.S.C. 1141 et seq.) is amended by striking the header of such part and inserting the following:

''PART E—COLLEGE ACCESS AND COMPLETION INNOVATION FUND''.

(b) PURPOSE.—Part E of title VII (20 U.S.C. 1141 et seq.) is further amended by inserting before section 781 the following:

''SEC. 780. PURPOSES.

''The purposes of this part are—

''(1) to promote innovation in postsecondary education practices and policies by institutions of higher education, States, and nonprofit organizations to improve student success, completion, and post-completion employment, particularly for students from groups that are underrepresented in postsecondary education; and

''(2) to assist States in developing longitudinal data systems, common metrics, and reporting systems to enhance the quality and availability of information about student success, completion, and post-completion employment.''.

(c) AUTHORIZATION AND APPROPRIATION.—Section 781(a) (20 U.S.C. 1141(a)) is amended to read as follows:

''(a) AUTHORIZATION AND APPROPRIATION.—

''(1) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, to carry out this part (in addition to any other amounts appropriated to carry out this part and out of any money in the Treasury not otherwise appropriated), $600,000,000 for each of the fiscal years 2010 through 2014.

''(2) ALLOCATIONS.—Of the amount appropriated for any fiscal year under paragraph (1)—

''(A) 25 percent shall be made available to carry out section 781;

''(B) 50 percent shall be made available to carry out section 782;

''(C) 23 percent shall be made available to carry out section 783; and

''(D) 2 percent shall be made available to carry out section 784.''.

(d) STATE GRANTS AND GRANTS TO ELIGIBLE ENTITIES.—Part E of title VII (20 U.S.C. 1141 et seq.) is further amended by adding at the end the following:

''SEC. 782. STATE INNOVATION COMPLETION GRANTS.

''(a) PROGRAM AUTHORIZATION.—From the amount appropriated under section 781(a)(2)(B) to carry out this section, the Secretary shall award grants to States on a competitive basis to promote student persistence in, and completion of, postsecondary education.

''(b) FEDERAL SHARE; NON-FEDERAL SHARE.—

''(1) FEDERAL SHARE.—The amount of the Federal share under this section for a fiscal year shall be equal to ⅔ of the costs of the activities and services described in subsection (d)(1) that are carried out under the grant.

''(2) NON-FEDERAL SHARE.—The amount of the non-Federal share under this section shall be equal to ⅓ of the costs of the activities and services described in subsection (d)(1). The non-Federal share may be in cash or in kind, and may be provided from State resources, contributions from private organizations, or both.

''(3) SUPPLEMENT, NOT SUPPLANT.—The Federal and non-Federal shares required by this paragraph shall be used to supplement, and not supplant, State and private resources that would otherwise be expended to carry out activities and services to promote student persistence in and completion of postsecondary education.

''(c) APPLICATION AND SELECTION.—

''(1) APPLICATION REQUIREMENTS.—For each fiscal year for which a State desires to receive a grant under this section, the State agency with jurisdiction over higher education, or another agency designated by the Governor or chief executive of the State to administer the grant program under this section, shall submit an application to the Secretary at such time, in such

manner, and containing such information as the Secretary may require. Such application shall include—

''(A) a description of the State's capacity to administer the grant under this section;

''(B) a description of the State's plans for using the grant funds for activities described in subsection (d)(1), including plans for how the State will make special efforts to provide benefits to students in the State who are from groups that are underrepresented in postsecondary education;

''(C) a description of how the State will provide for the non-Federal share from State resources, private contributions, or both;

''(D) a description of—

''(i) the administrative system that the State has in place to administer the activities and services described in subsection (d)(1); or

''(ii) the plan to develop such administrative system;

''(E) a description of the data system the State has or will have in place to measure the performance and progress toward the State's goals included in the Access and Completion Plan submitted, or that will be submitted, under paragraph (2)(A); and

''(F) the assurances under paragraph (2).

''(2) STATE ASSURANCES.—The assurances required in paragraph (1)(F) shall include an assurance of each of the following:

''(A) That the State will submit, not later than July 1, 2011, an Access and Completion Plan to increase the State's rate of persistence in and completion of postsecondary education. Such plan shall include—

''(i) the State's annual and long-term quantifiable goals with respect to—

''(I) the rates of postsecondary enrollment, persistence, and completion, disaggregated by income, race, ethnicity, sex, disability, and age of students;

''(II) closing gaps in enrollment, persistence, and completion rates for students from groups that are underrepresented in postsecondary education;

''(III) targeting education and training programs to address labor market needs in the State, as such needs are determined by the State, or the State in coordination with the State public employment service, the State workforce investment board, or industry or sector partnerships in the State; and

''(IV) improving coordination between two-year and four-year institutions of higher education in the State, including supporting comprehensive articulation agreements between such institutions; and

''(ii) the State's plan to develop an interoperable statewide longitudinal data system that—

''(I) can be linked to other data systems, as applicable, including elementary and secondary education and workforce data systems;

''(II) will collect, maintain, disaggregate (by institution, income, race, ethnicity, sex, disability, and age of students), and analyze postsecondary education and workforce information, including—

''(aa) postsecondary education enrollment, persistence, and completion information;

''(bb) post-completion employment outcomes of students who enrolled in postsecondary programs and training programs offered by eligible training providers under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.);

''(cc) postsecondary education and employment outcomes of students who move out of the State; and

''(dd) postsecondary instructional workforce information; and

''(III) makes the information described in subclause (I) available to the general public in a manner that is transparent and user-friendly.

''(B) That the State has a comprehensive planning or policy formulation process with respect to increasing postsecondary enrollment, persistence, and completion that—

''(i) encourages coordination between the State administration of grants under this section and similar State programs;

''(ii) encourages State policies that are designed to improve rates of enrollment and persistence in, and completion of, postsecondary education for all categories of institutions of higher education described in section 132(d) in the State;

''(iii) considers the postsecondary education needs of students from groups that are underrepresented in postsecondary education;

''(iv) considers the resources of public and private institutions of higher education, organizations, and agencies within the State that are capable of providing access to postsecondary education opportunities within the State; and

''(v) provides for direct, equitable, and active participation in the comprehensive planning or policy formulation process or processes, through membership on State planning commissions, State advisory councils, or other State entities established by the State and consistent with State law, by representatives of—

''(I) institutions of higher education, including at least one member from a junior or community college (as defined in section 312(f));

''(II) students;

''(III) other providers of postsecondary education services (including organizations providing access to such services);

''(IV) the general public in the State; and

''(V) postsecondary education faculty members, including at least one faculty member whose primary responsibilities are teaching and scholarship.

''(C) That the State will incorporate policies and practices that, through the activities funded under this section, are determined to be effective in improving rates of postsecondary education enrollment, persistence, and completion into the future postsecondary education policies and practices of the State to ensure that the benefits achieved through the activities funded under this section continue beyond the period of the grant.

''(D) That the State will participate in the evaluation required under section 784.

''(3) SUBGRANTS TO NONPROFIT ORGANIZATIONS.—A State receiving a payment under this section may elect to make a subgrant to one or more nonprofit organizations in the State, including agencies with agreements with the Secretary under subsections (b) and (c) of section 428 on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009, or a partnership of such organizations, to carry out activities and services described in subsection (d)(1), if the nonprofit organization or partnership—

''(A) was in existence on the day before the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009; and

''(B) as of such day, was participating in activities and services related to promoting persistence in, and completion of, postsecondary education, such as the activities and services described in subsection (d)(1).

''(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to States that enter into a partnership with one of the following entities to carry out the activities and services described in subsection (d)(1):

''(A) A philanthropic organization, as such term is defined in section 781(i)(1).

''(B) An agency with an agreement with the Secretary under subsections (b) and (c) of section 428 on the date of the enactment of Student Aid and Fiscal Responsibility Act of 2009.

''(d) USES OF FUNDS.—

''(1) AUTHORIZED USES.—A State receiving a grant under this section shall use the grant funds to—

''(A) provide programs in such State that increase persistence in, and completion of, postsecondary education, which may include—

''(i) assisting institutions of higher education in providing financial literacy, education, and counseling to enrolled students;

''(ii) assisting students enrolled in an institution of higher education to reduce the amount of loan debt incurred by such students;

''(iii) providing grants to students described in section 415A(a)(1), in accordance with the terms of that section; and

''(iv) carrying out the activities described in section 415E(a); and

''(B) support the development and implementation of a statewide longitudinal data system, as described in subsection (c)(2)(A)(ii).

''(2) PROHIBITED USES.—Funds made available under this section shall not be used to promote any lender's loans.

''(3) RESTRICTIONS ON USE OF FUNDS.—A State—

''(A) shall use not less than ⅓ of the sum of the Federal and non-Federal share used for paragraph (1)(A) on activities that benefit students enrolled in junior or community colleges (as defined in section 312(f)), two-year public institutions, or two-year programs of instruction at four-year public institutions;

''(B) may use not more than 10 percent of the sum of the Federal and non-Federal share under this section for activities described in paragraph (1)(B); and

''(C) may use not more than 6 percent of the sum of the Federal and non-Federal share under this section for administrative purposes relating to the grant under this section.

''(e) ANNUAL REPORT.—Each State receiving a grant under this section shall submit to the Secretary an annual report on—

''(1) the activities and services described in subsection (d)(1) that are carried out with such grant;

''(2) the effectiveness of such activities and services in increasing postsecondary persistence and completion, as determined by measurable progress in achieving the State's goals for persistence and completion described in the Access and Completion Plan submitted by the State under subsection (c)(2)(A), if such plan has been submitted; and

''(3) any other information or assessments the Secretary may require.

''(f) DEFINITIONS.—In this section:

''(1) INDUSTRY OR SECTOR PARTNERSHIP.—The term 'industry or sector partnership' means a workforce collaborative that organizes key stakeholders in a targeted industry cluster into a working group that focuses on the human capital needs of a targeted industry cluster and that includes, at the appropriate stage of development of the partnership—

''(A) representatives of multiple firms or employers (including workers) in a targeted industry cluster, including small- and medium-sized employers when practicable;

''(B) 1 or more representatives of State labor organizations, central labor coalitions, or other labor organizations;

''(C) 1 or more representatives of local workforce investment boards;

''(D) 1 or more representatives of postsecondary educational institutions or other training providers; and

''(E) 1 or more representatives of State workforce agencies or other entities providing employment services.

''(2) STATE PUBLIC EMPLOYMENT SERVICE.—The term 'State public employment service' has the meaning given such term in section 502(a)(9) of the Student Aid and Fiscal Responsibility Act of 2009.

''(3) STATE WORKFORCE INVESTMENT BOARD; LOCAL WORKFORCE INVESTMENT BOARD.—The terms 'State workforce investment board' and 'local workforce investment board' have the meanings given such terms in section 502(a)(10) of the Student Aid and Fiscal Responsibility Act of 2009.

"SEC. 783. INNOVATION IN COLLEGE ACCESS AND COMPLETION NATIONAL ACTIVITIES.

''(a) PROGRAMS AUTHORIZED.—From the amount appropriated under section 781(a)(2)(C) to carry out this section, the Secretary shall award grants, on a competitive basis, to eligible

entities in accordance with this section to conduct innovative programs that advance knowledge about, and adoption of, policies and practices that increase the number of individuals with postsecondary degrees or certificates.

''(b) ELIGIBLE ENTITIES.—The Secretary is authorized to award grants under subsection (a) to—

''(1) institutions of higher education;

''(2) States;

''(3) nonprofit organizations with demonstrated experience in the operation of programs to increase postsecondary completion;

''(4) philanthropic organizations (as such term is defined in section 781(i)(1));

''(5) entities receiving a grant under chapter 1 of subpart 2 of part A of title IV; and

''(6) consortia of any of the entities described in paragraphs (1) through (5).

''(c) INNOVATION GRANTS.—

''(1) MINIMUM AWARD.—A grant awarded under subsection (a) shall be not less than $1,000,000.

''(2) GRANTS USES.—The Secretary's authority to award grants under subsection (a) includes—

''(A) the authority to award to an eligible entity a grant in an amount equal to all or part of the amount of funds received by such entity from philanthropic organizations (as such term is defined in section 781(i)(1)) to conduct innovative programs that advance knowledge about, and adoption of, policies and practices that increase the number of individuals with postsecondary degrees or certificates; and

''(B) the authority to award an eligible entity a grant to develop 2-year programs that provide supplemental grant or loan benefits to students that—

''(i) are designed to improve student outcomes, including degree completion, graduation without student loan debt, and post-completion employment;

''(ii) are in addition to the student financial aid available under title IV of this Act; and

''(iii) do not result in the reduction of the amount of that aid or any other student financial aid for which a student is otherwise eligible under Federal law.

''(3) APPLICATION.—To be eligible to receive a grant under subsection (a), an eligible entity shall submit an application at such time, in such manner, and containing such information as the Secretary shall require.

''(4) PRIORITIES.—In awarding grants under subsection (a), the Secretary shall give priority to applications that—

''(A) are from an eligible entity with demonstrated experience in serving students from groups that are underrepresented in postsecondary education, including institutions of higher education that are eligible for assistance under title III or V, or are from a consortium that includes an eligible entity with such experience;

''(B) are from an eligible entity that is a public institution of higher education that does not predominantly provide an educational program for which it awards a bachelor's degree (or an equivalent degree), or from a consortium that includes at least one such institution;

''(C) include activities to increase degree or certificate completion in the fields of science, technology, engineering, and mathematics, including preparation for, or entry into, postbaccaluareate study, especially for women and other groups of students who are underrepresented in such fields;

''(D) are from an eligible entity that is a philanthropic organization with the primary purpose of providing scholarships and support services to students from groups that are underrepresented in postsecondary education, or are from a consortium that includes such an organization; or

''(E) are from an eligible entity that encourages partnerships between institutions of higher education with high degree-completion rates and institutions of higher education with low degree-completion rates from the same category of institutions described in section 132(d) to facilitate the sharing of information relating to, and the implementation of, best practices for increasing postsecondary completion.

''(5) TECHNICAL ASSISTANCE.—The Secretary may reserve up to $5,000,000 per year to award grants and contracts to provide technical assistance to eligible entities receiving a grant under subsection (a), including technical assistance on the evaluation conducted in accordance with section 784 and establishing networks of eligible entities receiving grants under such subsection.

''(d) REPORTS.—

''(1) ANNUAL REPORTS BY ENTITIES.—Each eligible entity receiving a grant under subsection (a) shall submit to the Secretary an annual report on—

''(A) the effectiveness of the program carried out with such grant in increasing postsecondary completion, as determined by measurable progress in achieving the goals of the program, as described in the application for such grant; and

''(B) any other information or assessments the Secretary may require.

''(2) ANNUAL REPORT TO CONGRESS.—The Secretary shall submit to the authorizing committees an annual report on grants awarded under subsection (a), including—

''(A) the amount awarded to each eligible entity receiving a grant under such subsection; and

''(B) a description of the activities conducted by each such eligible entity.

''SEC. 784. EVALUATION.

''From the amount appropriated under section 781(a)(2)(D), the Director of the Institute of Education Sciences shall evaluate the programs funded under this part. Not later than January 30, 2016, the Director shall issue a final report on such evaluation to the authorizing committees and the Secretary, and shall make such report available to the public.

''SEC. 785. VETERANS RESOURCE OFFICER GRANTS.

''(a) PROGRAM AUTHORIZED.—The Secretary shall award grants, on a competitive basis, to eligible institutions of higher education to hire a Veterans Resource Officer to increase the college completion rates for veterans enrolled at such institutions.

''(b) DEFINITIONS.—In this section:

''(1) ELIGIBLE INSTITUTION OF HIGHER EDUCATION.—The term 'eligible institution of higher education' means an institution of higher education that has an enrollment of at least 100 full-time equivalent students who are veterans.

''(2) FULL-TIME EQUIVALENT STUDENTS.—The term 'full-time equivalent students' has the meaning given such term in section 312(e).

''(3) VETERAN.—The term 'veteran' has the meaning give such term in section 480(c).

''(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible institution of higher education shall submit an application at such time, in such manner, and containing such information as the Secretary shall require.

''(d) USES OF FUNDS.—

''(1) IN GENERAL.—An eligible institution of higher education receiving a grant under this section shall use such grant to hire 1 or 2 Veterans Resource Officers (in the case of an institution that has an enrollment of at least 200 full-time equivalent students who are veterans) to serve in the office of campus programs, or a similar office, at such institution and carry out the activities described in paragraph (2).

''(2) ACTIVITIES.—A Veterans Resource Officer shall carry out activities at an eligible institution of higher education to help increase the completion rates for veterans enrolled at such institution, which shall include the following activities:

''(A) Serving as a link between student veterans and the staff of the institution.

''(B) Serving as a link between student veterans and local facilities of the Department of Veterans Affairs.

''(C) Organizing and advising student veterans organization.

''(D) Organizing veterans oriented group functions and events.

''(E) Maintaining newsletters and listserves to distribute news and information to all student veterans.

''(F) Organizing new student veterans campus orientation.

''(G) Ensuring that the Department of Veterans Affairs certifying official at such institution is properly trained.

''(3) PRIORITY.—To the extent practicable, each institution described in paragraph (1) shall give priority to hiring a veteran to serve as a Veterans Resource Officer.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2010 and each succeeding fiscal year.''.

SEC. 103. INVESTMENT IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS.

Section 371 (20 U.S.C. 1067q) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''section 502'' and inserting ''section 502(a)'';

(B) in paragraph (3), by striking ''section 316'' and inserting ''section 316(b)'';

(C) in paragraph (5), by striking ''in subsection (c)'' and inserting ''in section 318(b)'';

(D) in paragraph (6), by striking ''in subsection (c)'' and inserting ''in section 320(b)''; and

(E) in paragraph (7), by striking ''in subsection (c)'' and inserting ''in section 319(b)'';

(2) in subsection (b)—

(A) in paragraph (1)(A), by striking ''$255,000,000'' and all that follows and inserting ''$255,000,000 for each of the fiscal years 2008 through 2019.''; and

(B) by amending paragraph (2)(B) to read as follows:

''(B) STEM AND ARTICULATION PROGRAMS.—From the amount made available for allocation under this subparagraph by subparagraph (A)(i) for any fiscal year—

''(i) 90 percent shall be available for Hispanic-serving institutions for activities described in sections 503 and 513, with a priority given to applications that propose—

''(I) to increase the number of Hispanic and other low-income students attaining degrees in the fields of science, technology, engineering, or mathematics; and

''(II) to develop model transfer and articulation agreements between 2-year Hispanic-serving institutions and 4-year institutions in such fields; and

''(ii) 10 percent shall be available for grants under section 355.'';

(C) in paragraph (2)(C)(ii), by striking ''and shall be available for a competitive'' and all that follows and inserting ''and shall be made available as grants under section 318 and allotted among such institutions under section 318(e), treating such amount, plus the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out section 318, as the amount appropriated to carry out section 318 for purposes of allotments under section 318(e)''; and

(D) in paragraph (2)(D)—

(i) in clause (iii), by striking ''for activities described in section 311(c)'' and inserting ''and shall be made available as grants under section 320, treating such $5,000,000 as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section and using such $5,000,000 for purposes described in subsection (c) of such section''; and

(ii) in clause (iv), by striking ''described in subsection (a)(7)—'' and all that follows and inserting ''and shall be made available as grants under section 319, treating such $5,000,000 as

part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section and using such $5,000,000 for purposes described in subsection (c) of such section''; and

(3) by striking subsection (c).

SEC. 104. INVESTMENT IN COOPERATIVE EDUCATION.

There are authorized to be appropriated, and there are appropriated, to carry out part N of title VIII of the Higher Education Act of 1965 (20 U.S.C. 1161n) (in addition to any other amounts appropriated to carry out such part and out of any money in the Treasury not otherwise appropriated), $10,000,000 for fiscal year 2010.

SEC. 105. LOAN FORGIVENESS FOR SERVICEMEMBERS ACTIVATED FOR DUTY.

(a) IN GENERAL.—Section 484B(b)(2) (20 U.S.C. 1091b(b)(2)) is amended by adding at the end the following:

''(F) TUITION RELIEF FOR STUDENTS CALLED TO MILITARY SERVICE.—

''(i) WAIVER OF REPAYMENT BY STUDENTS CALLED TO MILITARY SERVICE.—In addition to the waivers authorized by subparagraphs (D) and (E), the Secretary shall waive the amounts that students are required to return under this section if the withdrawals on which the returns are based are withdrawals necessitated by reason of service in the uniformed services.

''(ii) LOAN FORGIVENESS AUTHORIZED.—Whenever a student's withdrawal from an institution of higher education is necessitated by reason of service in the uniformed services, the Secretary shall, with respect to the payment period or period of enrollment for which such student did not receive academic credit as a result of such withdrawal, carry out a program—

''(I) through the holder of the loan, to assume the obligation to repay—

''(aa) the outstanding principal and accrued interest on any loan assistance awarded to the student under part B (including to a parent on behalf of the student under section 428B) for such payment period or period of enrollment; minus

''(bb) any amount of such loan assistance returned by the institution in accordance with paragraph (1) of this subsection for such payment period or period of enrollment; and

''(II) to cancel—

''(aa) the outstanding principal and accrued interest on the loan assistance awarded to the student under part D or E (including a Federal Direct PLUS loan awarded to a parent on behalf of the student) for such payment period or period of enrollment; minus

''(bb) any amount of such loan assistance returned by the institution in accordance with paragraph (1) of this subsection for such payment period or period of enrollment.

''(iii) REIMBURSEMENT FOR CANCELLATION OF PERKINS LOANS.—The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of Federal Perkins loans in such institutions's student loan fund which are cancelled pursuant to clause (iii)(II) for such fiscal year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 468. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this paragraph. To the extent feasible, the Secretary shall pay the amounts for which any institution qualifies under this paragraph not later than 3 months after the institution files an institutional application for campus-based funds.

''(iv) LOAN ELIGIBILITY AND LIMITS FOR STUDENTS.—Any amounts that are returned by an institution in accordance with paragraph (1), or forgiven or waived by the Secretary under this subparagraph, with respect to a payment period or period of enrollment for which a student did not receive academic credit as a result of withdrawal necessitated by reason of service in the uniformed services, shall not be included in the calculation of the student's annual or aggregate loan limits for assistance under this title, or otherwise affect the student's eligibility for grants or loans under this title.

''(v) DEFINITION.—In this subparagraph, the term 'service in the uniformed services' has the meaning given such term in section 484C(a).''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect for periods of service in the uniformed services beginning after the date of the enactment of this Act.

(2) DEFINITION.—In this paragraph, the term ''period of service in the uniformed services'' means the period beginning 30 days prior to the date a student is required to report to service in the uniformed services (as defined in section 484C(a) of the Higher Education Act of 1965 (20 U.S.C. 1091c(a)) and ending when such student returns from such service.

SEC. 106. VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.

(a) VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.—Subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by adding at the end the following:

''SEC. 401B. VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.

''(a) VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANTS AUTHORIZED.—The Secretary shall award a grant to each eligible student, in an amount determined in accordance with subsection (c), to assist such student with paying the cost of tuition incurred by the student for a program of education at an institution of higher education.

''(b) DEFINITIONS.—In this section—

''(1) ELIGIBLE STUDENT.—The term 'eligible student' means a student who—

''(A) is a covered individual, as such term is defined in section 3311(b) of title 38, United States Code;

''(B) is enrolled at an institution of higher education that—

''(i) is not a public institution of higher education; and

''(ii) is located in a State with a zero, or very low, maximum tuition charge per credit hour compared to the maximum tuition charge per credit hour in all other States, as determined by the Secretary of Veterans Affairs (based on the determinations of maximum tuition charged per credit hour in each State for the purposes of chapter 33 of title 38, United States Code); and

''(C) is eligible for educational assistance for an academic year, and will receive an amount of such assistance for such year for fees charged the individual that is less than the maximum amount of such assistance available for fees charged for such year in such State.

''(2) EDUCATIONAL ASSISTANCE.—The term 'educational assistance' means the amount of educational assistance from the Secretary of Veterans Affairs an eligible student receives or will receive under section 3313(c)(1)(A) of title 38, United States Code, or a similar amount of such assistance under paragraphs (2) through (7) of such section 3313(c).

''(c) GRANT AMOUNT.—A grant to an eligible student under this section be equal to an amount that is—

''(1) the maximum amount of educational assistance for fees charged that the eligible student would receive, in accordance with section 3313(c) of title 38, United States Code, if such student attended the public institution of higher education in the State in which the eligible student is enrolled that has the highest fees charged to an individual for a year in such State (as determined by the Secretary of Veterans Affairs for the purposes of chapter 33 of such title 38), less

''(2) the educational assistance the eligible student will receive, in accordance with such section, for fees charged to the student for such year at the institution of higher education at which the student is enrolled.

''(d) USES OF FUNDS.—An eligible student who receives a grant under this section shall use such grant to pay tuition incurred by the student for a program of education at an institution of higher education.

''(e) NOTIFICATION.—The Secretary, in coordination with Secretary of Veterans Affairs, shall establish a system of notification to ensure the timely delivery to each eligible student of—

''(1) educational assistance received by the student; and

''(2) grants awarded to the student under this section.

''(f) AUTHORIZATION AND APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, such sums as may be necessary to carry out this section (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated).''.

*(b) CONFORMING AMENDMENT.—The header for subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by inserting ''**; Veterans Educational Equity Supplemental Grants**'' after ''**Pell Grants**''.*

Subtitle B—Student Financial Aid Form Simplification

SEC. 121. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this subtitle, amendments made by this subtitle shall be effective with respect to determinations of need for assistance under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) for award years beginning on or after July 1, 2011.

SEC. 122. TREATMENT OF ASSETS IN NEED ANALYSIS.

(a) AMOUNT OF NEED.—Section 471 (20 U.S.C. 1087kk) is amended—

(1) by striking ''Except'' and inserting the following:

''(a) IN GENERAL.—Except'';

(2) by inserting ''and subject to subsection (b)'' after ''therein''; and

(3) by adding at the end the following:

''(b) ASSET CAP FOR NEED-BASED AID.—Notwithstanding any other provision of this title, a student shall not be eligible to receive a Federal Pell Grant, a Federal Direct Stafford Loan, or work assistance under this title if—

''(1) in the case of a dependent student, the combined net assets of the student and the student's parents are equal to an amount greater than $150,000 (or a successor amount prescribed by the Secretary under section 478(c)); or

''(2) in the case of an independent student, the net assets of the student (and the student's spouse, if applicable) are equal to an amount greater than $150,000 (or a successor amount prescribed by the Secretary under section 478(c)).''.

(b) DATA ELEMENTS.—Section 474(b) (20 U.S.C. 1087nn(b)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(c) DEPENDENT STUDENTS.—Section 475 (20 U.S.C. 1087oo) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''adjusted''; and

(ii) by inserting ''and'' after the semicolon;

(B) in paragraph (2), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (3);

(2) in subsection (b)—

(A) in the header, by striking ''ADJUSTED'';

(B) in the matter preceding paragraph (1), by striking ''adjusted'';

(C) by striking paragraph (1);

(D) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively;

(E) in paragraph (1) (as redesignated by subparagraph (D) of this paragraph), by striking ''adjusted''; and

(F) in paragraph (2) (as redesignated by subparagraph (D) of this paragraph), by striking ''paragraph (2)'' and inserting ''paragraph (1)'';

(3) by repealing subsection (d);

(4) in subsection (e)—

(A) by striking ''The adjusted available'' and inserting ''The available'';

(B) by striking ''to as 'AAI')'' and inserting ''to as 'AI')'';

(C) by striking ''From Adjusted Available Income (AAI)'' and inserting ''From Available Income (AI)''; and

(D) in the table—

(i) by striking ''If AAI'' and inserting ''If AI''; and

(ii) by striking ''of AAI'' each place it appears and inserting ''of AI'';

(5) in subsection (f)—

(A) by striking ''and assets'' each place it appears;

(B) in paragraph (2)(B), by striking ''or assets''; and

(C) in paragraph (3)—

(i) by striking ''are taken into'' and inserting ''is taken into''; and

(ii) by striking ''adjusted'';

(6) in subsection (g)(6), by striking ''exceeds the sum of'' and all that follows and inserting ''exceeds the parents' total income (as defined in section 480)'';

(7) by repealing subsection (h); and

(8) in subsection (i), by striking ''adjusted'' each place it appears.

(d) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—Section 476 (20 U.S.C. 1087pp) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1);

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively;

(C) in paragraph (1) (as redesignated by subparagraph (B)), by striking ''the sum resulting under paragraph (1)'' and inserting ''the family's contribution from available income (determined in accordance with subsection (b))''; and

(D) in paragraph (2)(A) (as redesignated by subparagraph (B)), by striking ''paragraph (2)'' and inserting ''paragraph (1)'';

(2) by repealing subsection (c); and

(3) in subsection (d)—

(A) by striking ''and assets''; and

(B) by striking ''or assets''.

(e) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—Section 477 (20 U.S.C. 1087qq) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1);

(B) by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively;

(C) in paragraph (1) (as redesignated by subparagraph (B)), by striking ''such adjusted available income'' and inserting ''the family's available income (determined in accordance with subsection (b))'';

(D) in paragraph (2) (as redesignated by subparagraph (B)), by striking ''paragraph (2)'' and inserting ''paragraph (1)''; and

(E) in paragraph (3)(A) (as redesignated by subparagraph (B)), by striking ''paragraph (3)'' and inserting ''paragraph (2)'';

(2) by repealing subsection (c); and

(3) in subsection (d)—

(A) by striking ''The adjusted available'' and inserting ''The available'';

(B) by striking ''to as 'AAI')'' and inserting ''to as 'AI')'';

(C) by striking ''From Adjusted Available Income (AAI)'' and inserting ''From Available Income (AI)''; and

(D) in the table—

(i) by striking ''If AAI'' and inserting ''If AI''; and

(ii) by striking ''of AAI'' each place it appears and inserting ''of AI''; and

(E) in subsection (e)—

(i) by striking ''and assets''; and

(ii) by striking ''or assets''.

(f) REGULATIONS; UPDATED TABLES.—Section 478 (20 U.S.C. 1087rr) is amended—

(1) in subsection (a), by inserting ''or amounts, as the case may be,'' after ''tables'' each place the term appears;

(2) by amending subsection (c) to read as follows:

''(c) ASSET CAP FOR NEED-BASED AID.—For each award year after award year 2011–2012, the Secretary shall publish in the Federal Register a revised net asset cap for the purposes of section 471(b). Such revised cap shall be determined by increasing the dollar amount in such section by a percentage equal to the estimated percentage change in the Consumer Price Index (as determined by the Secretary) between December 2010 and the December preceding the beginning of such award year, and rounding the result to the nearest $5.'';

(3) by repealing subsection (d); and

(4) in subsection (e), by striking ''adjusted'' both places it appears.

SEC. 123. CHANGES TO TOTAL INCOME; AID ELIGIBILITY.

(a) DEFINITION OF UNTAXED INCOME AND BENEFITS.—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as amended by the Higher Education Opportunity Act (Public Law 110–315), is amended—

(1) by striking subparagraphs (A), (B), (C), (E), (F), and (I);

(2) by redesignating subparagraphs (D), (G), and (H) as subparagraphs (A), (B), and (C), respectively;

(3) in subparagraph (B) (as redesignated by paragraph (2)), by inserting ''and'' after the semicolon; and

(4) in subparagraph (C) (as redesignated by paragraph (2)), by striking ''; and'' and inserting a period.

(b) DEFINITION OF ASSETS.—Section 480(f)(2) (20 U.S.C. 1087vv(f)(2)) is amended—

(1) by striking ''or'' at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; or''; and

(3) by adding at the end the following:

''(D) an employee pension benefit plan (as defined in section 3(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(2))).''.

(c) FINANCIAL ADMINISTRATOR DISCRETION.—Section 479A(b) (20 U.S.C. 1087tt) is amended in the subsection heading, by striking ''TO ASSETS''.

(d) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is amended to read as follows:

''(1) IN GENERAL.—A student who is convicted of any offense under any Federal or State law involving the sale of a controlled substance for conduct that occurred during a period of enrollment for which the student was receiving any grant, loan, or work assistance under this title shall not be eligible to receive any grant, loan, or work assistance under this title from the date of that conviction for the period of time specified in the following subparagraphs:

''(A) For a first offense, the period of ineligibility shall be 2 years.

''(B) For a second offense, the period of ineligibility shall be indefinite.''.

TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIATIONS.

Section 421 (20 U.S.C. 1071) is amended—

(1) in subsection (b), in the matter following paragraph (6), by inserting '', except that no sums may be expended after June 30, 2010, with respect to loans under this part for which the first disbursement would be made after such date'' after ''expended''; and

(2) by adding at the end the following new subsection:

''(d) TERMINATION OF AUTHORITY TO MAKE OR INSURE NEW LOANS.—Notwithstanding paragraphs (1) through (6) of subsection (b) or any other provision of law—

''(1) no new loans (including consolidation loans) may be made or insured under this part after June 30, 2010; and

''(2) no funds are authorized to be appropriated, or may be expended, under this Act or any other Act to make or insure loans under this part (including consolidation loans) for which the first disbursement would be made after June 30, 2010,

except as expressly authorized by an Act of Congress enacted after the date of enactment of Student Aid and Fiscal Responsibility Act of 2009.''.

SEC. 202. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended by striking ''September 30, 1976,'' and all that follows and inserting ''September 30, 1976, for each of the succeeding fiscal years ending prior to October 1, 2009, and for the period from October 1, 2009, to June 30, 2010, for loans first disbursed on or before June 30, 2010.''.

SEC. 203. APPLICABLE INTEREST RATES.

Section 427A(l) (20 U.S.C. 1077a(l)) is amended—

(1) in paragraph (1), by inserting ''and before July 1, 2010,'' after ''July 1, 2006,'';

(2) in paragraph (2), by inserting ''and before July 1, 2010,'' after ''July 1, 2006,'';

(3) in paragraph (3), by inserting ''and that was disbursed before July 1, 2010,'' after ''July 1, 2006,''; and

(4) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking ''July 1, 2012'' and inserting ''July 1, 2010''; and

(B) by repealing subparagraphs (D) and (E).

SEC. 204. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) HIGHER EDUCATION ACT OF 1965.—Section 428 (20 U.S.C. 1078) is amended—

(1) in subsection (a)—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting ''for which the first disbursement is made before July 1, 2010, and'' after ''eligible institution''; and

(B) in paragraph (5), by striking ''September 30, 2014,'' and all that follows through the period and inserting ''June 30, 2010.'';

(2) in subsection (b)(1)—

(A) in subparagraph (G)(ii), by inserting ''and before July 1, 2010,'' after ''July 1, 2006,''; and

(B) in subparagraph (H)(ii), by inserting ''and that are first disbursed before July 1, 2010,'' after ''July 1, 2006,'';

(3) in subsection (f)(1)(A)(ii)—

(A) by striking ''during fiscal years beginning''; and

(B) by inserting ''and first disbursed before July 1, 2010,'' after ''October 1, 2003,''; and

(4) in subsection (j)(1), by inserting '', before July 1, 2010,'' after ''section 435(d)(1)(D) of this Act shall''.

(b) COLLEGE COST REDUCTION AND ACCESS ACT.—Section 303 of the College Cost Reduction and Access Act (Public Law 110–84) is repealed.

SEC. 205. FEDERAL PLUS LOANS.

Section 428B(a)(1) (20 U.S.C. 1078–2(a)(1)) is amended by striking ''A graduate'' and inserting ''Prior to July 1, 2010, a graduate''.

SEC. 206. FEDERAL CONSOLIDATION LOAN.

(a) AMENDMENTS.—Section 428C (20 U.S.C. 1078–3) is amended—

(1) in subsection (a)—

(A) by amending paragraph (3)(B)(i)(V) to read as follows:

''(V) an individual who has a consolidation loan under this section and does not have a consolidation loan under section 455(g) may obtain a subsequent consolidation loan under section 455(g).''; and

(B) in paragraph (4)(A), by inserting '', and first disbursed before July 1, 2010'' after ''under this part'';

(2) in subsection (b)—

(A) in paragraph (1)(E), by inserting before the semicolon '', and before July 1, 2010''; and

(B) in paragraph (5), by striking ''In the event that'' and inserting ''If, before July 1, 2010,'';

(3) in subsection (c)(1)—

(A) in subparagraph (A)(ii), by inserting ''and that is disbursed before July 1, 2010,'' after ''2006,''; and

(B) in subparagraph (C), by inserting ''and first disbursed before July 1, 2010,'' after ''1994,''; and

(4) in subsection (e), by striking ''September 30, 2014.'' and inserting ''June 30, 2010. No loan may be made under this section for which the first disbursement would be on or after July 1, 2010.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a)(1)(A) shall be effective at the close of June 30, 2010.

SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

Section 428H (20 U.S.C. 1078–8) is amended—

(1) in subsection (a), by inserting ''that are first disbursed before July 1, 2010,'' after ''under this part'';

(2) in subsection (b)—

(A) by striking ''Any student'' and inserting ''Prior to July 1, 2010, any student''; and

(B) by inserting ''for which the first disbursement is made before such date'' after ''unsubsidized Federal Stafford Loan''; and

(3) in subsection (h), by inserting ''and that are first disbursed before July 1, 2010,'' after ''July 1, 2006,''.

SEC. 208. LOAN REPAYMENT FOR CIVIL LEGAL ASSISTANCE ATTORNEYS.

Section 428L(b)(2)(A) (20 U.S.C. 1078–12(b)(2)(A)) is amended—

(1) by amending clause (i) to read as follows:

''(i) subject to clause (ii)—

''(I) a loan made, insured, or guaranteed under this part, and that is first disbursed before July 1, 2010; or

''(II) a loan made under part D or part E; and''; and

(2) in clause (ii)—

(A) by striking ''428C or 455(g)'' and inserting ''428C, that is disbursed before July 1, 2010, or section 455(g)''; and

(B) in subclause (II), by inserting ''for which the first disbursement is made before July 1, 2010,'' after ''or 428H''.

SEC. 209. SPECIAL ALLOWANCES.

Section 438 (20 U.S.C. 1087–1) is amended—

(1) in subsection (b)(2)(I)—

(A) in the header, by inserting '', AND BEFORE JULY 1, 2010'' after ''2000'';

(B) in clause (i), by inserting ''and before July 1, 2010,'' after ''2000,'';

(C) in clause (ii)(II), by inserting ''and before July 1, 2010,'' after ''2006,'';

(D) in clause (iii), by inserting ''and before July 1, 2010,'' after ''2000,'';

(E) in clause (iv), by inserting ''and that is disbursed before July 1, 2010,'' after ''2000,'';

(F) in clause (v)(I), by inserting ''and before July 1, 2010,'' after ''2006,''; and

(G) in clause (vi)—

(i) in the header, by inserting '', AND BEFORE JULY 1, 2010'' after ''2007''; and

(ii) in the matter preceding subclause (I), by inserting ''and before July 1, 2010,'' after ''2007,'';

(2) in subsection (c)—

(A) in paragraph (2)(B)—

(i) in clause (iii), by inserting ''and'' after the semicolon;

(ii) in clause (iv), by striking ''; and'' and inserting a period; and

(iii) by striking clause (v); and

(B) in paragraph (6), by inserting ''and first disbursed before July 1, 2010,'' after ''1992,''; and

(3) in subsection (d)(2)(B), by inserting '', and before July 1, 2010'' after ''2007''.

SEC. 210. REVISED SPECIAL ALLOWANCE CALCULATION.

(a) REVISED CALCULATION RULE.—Section 438(b)(2)(I) of the Higher Education Act of 1965 (20 U.S.C. 1087–1(b)(2)(I)) is amended by adding at the end the following new clause:

''(vii) REVISED CALCULATION RULE TO REFLECT FINANCIAL MARKET CONDITIONS.—

''(I) CALCULATION BASED ON LIBOR.—For the calendar quarter beginning on October 1, 2009, and each subsequent calendar quarter, in computing the special allowance paid pursuant to this subsection with respect to loans described in subclause (II), clause (i)(I) of this subparagraph shall be applied by substituting 'of the 1-month London Inter Bank Offered Rate (LIBOR) for United States dollars in effect for each of the days in such quarter as compiled and released by the British Bankers Association' for 'of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H–15 (or its successor) for such 3-month period'.

''(II) LOANS ELIGIBLE FOR LIBOR-BASED CALCULATION.—The special allowance paid pursuant to this subsection shall be calculated as described in subclause (I) with respect to special allowance payments for the 3-month period ending December 31, 2009, and each succeeding 3-month period, on loans for which the first disbursement is made—

''(aa) on or after the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, and before July 1, 2010; and

''(bb) on or after January 1, 2000, and before the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, if, not later than the last day of the second full fiscal quarter after the date of enactment of such Act, the holder of the loan affirmatively and permanently waives all contractual, statutory or other legal rights to a special allowance paid pursuant to this subsection that is calculated using the formula in effect at the time the loans were first disbursed.

''(III) TERMS OF WAIVER.—A waiver pursuant to subclause (II)(bb) shall—

''(aa) be applicable to all loans described in such subclause that are held under any lender identification number associated with the holder (pursuant to section 487B); and

''(bb) apply with respect to all future calculations of the special allowance on loans described in such subclause that are held on the date of such waiver or that are acquired by the holder after such date.

''(IV) PARTICIPANT'S YIELD.—For the calendar quarter beginning on October 1, 2009, and each subsequent calendar quarter, the Secretary's participant yield in any loan for which the first disbursement is made on or after January 1, 2000, and before October 1, 2009, and that is held by a lender that has sold any participation interest in such loan to the Secretary shall be determined by using the LIBOR-based rate described in subclause (I) as the substitute rate (for the commercial paper rate) referred to in the participation agreement between the Secretary and such lender.'';

(b) CONFORMING AMENDMENT.—Section 438(b)(2)(I) (20 U.S.C. 1087–1(b)(2)(I)) is further amended—

(1) in clause (i)(II), by striking ''such average bond equivalent rate'' and inserting ''the rate determined under subclause (I)''; and

(2) in clause (v)(III) by striking ''(iv), and (vi)'' and inserting ''(iv), (vi), and (vii)''.

SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITUTIONS LOCATED OUTSIDE THE UNITED STATES.

(a) LOANS FOR STUDENTS ATTENDING INSTITUTIONS LOCATED OUTSIDE THE UNITED STATES.—Section 452 (20 U.S.C. 1087b) is amended by adding at the end the following:

''(d) INSTITUTIONS LOCATED OUTSIDE THE UNITED STATES.—Loan funds for students (and parents of students) attending institutions located outside the United States shall be disbursed through a financial institution located in the United States and designated by the Secretary to serve as the agent of such institutions with respect to the receipt of the disbursements of such loan funds and the transfer of such funds to such institutions. To be eligible to receive funds under this part, an otherwise eligible institution located outside the United States shall make arrangements, subject to regulations by the Secretary, with the agent designated by the Secretary under this subsection to receive funds under this part.''.

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENTS.—Section 102 (20 U.S.C. 1002), as amended by section 102 of the Higher Education Opportunity Act (Public Law 110–315) and section 101 of Public Law 111–39, is amended—

(A) by striking ''part B'' each place it appears and inserting ''part D'';

(B) in subsection (a)(1)(C), by inserting '', consistent with the requirements of section 452(d)'' before the period at the end; and

(C) in subsection (a)(2)(A)—

(i) in the matter preceding clause (i), by striking ''made, insured, or guaranteed'' and inserting ''made''; and

(ii) in clause (iii)—

(I) in subclause (III), by striking ''only Federal Stafford'' and all that follows through ''section 428B'' and inserting ''only Federal Direct Stafford Loans under section 455(a)(2)(A), Federal Direct Unsubsidized Stafford Loans under section 455(a)(2)(D), or Federal Direct PLUS Loans under section 455(a)(2)(B)''; and

(II) in subclause (V), by striking ''a Federal Stafford'' and all that follows through ''section 428B'' and inserting ''a Federal Direct Stafford Loan under section 455(a)(2)(A), a Federal Direct Unsubsidized Stafford Loan under section 455(a)(2)(D), or a Federal Direct PLUS Loan under section 455(a)(2)(B)''.

(2) EFFECTIVE DATE.—The amendments made by subparagraph (C) of paragraph (1) shall be effective on July 1, 2010, as if enacted as part of section 102(a)(1) of the Higher Education Opportunity Act (Public Law 110–315).

SEC. 212. AGREEMENTS WITH INSTITUTIONS.

Section 454 (20 U.S.C. 1087d) is amended—

(1) in subsection (a), by striking paragraph (4) and redesignating the succeeding paragraphs accordingly; and

(2) in subsection (b)(2), by striking ''(5), (6), and (7)'' and inserting ''(5), and (6)''.

SEC. 213. TERMS AND CONDITIONS OF LOANS.

(a) AMENDMENTS.—Section 455 (20 U.S.C. 1087e) is amended—

(1) in subsection (a)(1), by inserting '', and first disbursed on June 30, 2010,'' before ''under sections 428''; and

(2) in subsection (g)—

(A) by inserting '', including any loan made under part B and first disbursed before July 1, 2010'' after ''section 428C(a)(4)''; and

(B) by striking the third sentence.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1) shall apply with respect to loans first disbursed under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) on or after July 1, 2010.

SEC. 214. CONTRACTS.

Section 456 (20 U.S.C. 1087f) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in the header, by striking ''IN GENERAL'' and inserting ''AWARDING OF CONTRACTS'';

(ii) by striking ''The Secretary'' and inserting the following:

''(A) IN GENERAL.—The Secretary''; and

(iii) by adding at the end the following:

''(B) AWARDING CONTRACTS FOR SERVICING LOANS.—The Secretary shall, if practicable, award multiple contracts, through a competitive bidding process, to entities, including eligible not-for-profit servicers, to service loans originated under this part. The competitive bidding process shall take into account price, servicing capacity, and capability, and may take into account the capacity and capability to provide default aversion activities and outreach services.

''(C) JOB RETENTION INCENTIVE PAYMENT.—(i) In a contract with an entity under subparagraph (B) for the servicing of loans, the Secretary shall provide a job retention incentive payment, in an amount and manner determined by the Secretary, if such entity agrees to give priority for hiring for positions created as a result of such a contract to those geographical locations at which the entity performed student loan origination or servicing activities under the Federal Family Education Loan Program as of the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009.

''(ii) In determining the allocation of loans to be serviced by an entity awarded such a contract, the Secretary shall consider the retention of highly qualified employees of such entity a positive factor in determining such allocation.'';

(B) in paragraph (2)—

(i) in the first sentence, by inserting '', including eligible not-for-profit servicers,'' after ''The entities'';

(ii) by amending the third sentence to read as follows: ''The entities with which the Secretary may enter into such contracts shall include, where practicable, agencies with agreements with the Secretary under sections 428(b) and (c) on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009, and eligible not-for-profit servicers, if such agencies or servicers meet the qualifications as determined by the Secretary under this subsection and if those agencies or servicers have such experience and demonstrated effectiveness.''; and

(iii) by striking the last sentence and inserting the following: ''In awarding contracts to such State agencies, and such eligible not-for-profit servicers, the Secretary shall, to the extent practicable and consistent with the purposes of this part, give special consideration to State agencies and such servicers with a history of high quality performance and demonstrated integrity in conducting operations with institutions of higher education and the Secretary.'';

(C) by redesignating paragraph (3) as paragraph (4), and by inserting in such paragraph '', or of any eligible not-for-profit servicer to enter into an agreement for the purposes of this section as a member of a consortium of such entities'' before the period at the end; and

(D) by inserting after paragraph (2) the following new paragraph:

''(3) SERVICING BY ELIGIBLE NOT-FOR-PROFIT SERVICERS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, in each State where one or more eligible not-for-profit servicer has its principal place of business, the Secretary shall contract with each such servicer to service loans originated under this part on behalf of borrowers attending institutions located within such State, provided that the servicer demonstrates that it meets the standards for servicing Federal assets and providing quality service and agrees to service the loans at a competitive market rate, as determined by the Secretary. In determining such a competitive market rate, the Secretary may take into account the volume of loans serviced by the servicer. Contracts awarded under this paragraph shall be subject to the same requirements for quality, performance, and accountability as contracts awarded under paragraph (2) for similar activities.

''(B) ALLOCATIONS.—(i) ONE SERVICER.—In the case of a State with only one eligible not-for-profit servicer with a contract described in subparagraph (A), the Secretary shall, at a minimum, allocate to such servicer, on an annual basis and subject to such contract, the servicing rights for the lesser of—

''(I) the loans of 100,000 borrowers (including borrowers who borrowed loans in a prior year that were serviced by the servicer) attending institutions located within the State; or

''(II) the loans of all the borrowers attending institutions located within the State.

''(ii) MULTIPLE SERVICERS.—In the case of a State with more than one eligible not-for-profit servicer with a contract described in subparagraph (A), the Secretary shall, at a minimum, allocate to each such servicer, on an annual basis and subject to such contract, the servicing rights for the lesser of—

''(I) the loans of 100,000 borrowers (including borrowers who borrowed loans in a prior year that were serviced by the servicer) attending institutions located within the State; or

''(II) an equal share of the loans of all borrowers attending institutions located within the State, except the Secretary shall adjust such shares as necessary to ensure that the loans of any single borrower remain with a single servicer.

''(iii) ADDITIONAL ALLOCATION.—The Secretary may allocate additional servicing rights to an eligible not-for-profit servicer based on the performance of such servicer, as determined by the Secretary, including performance in the areas of customer service and default aversion.

''(C) MULTIPLE LOANS.—Notwithstanding the allocations required by subparagraph (B), the Secretary may transfer loans among servicers who are awarded contracts to service loans pursuant to this section to ensure that the loans of any single borrower remain with a single servicer.''; and

(2) by adding at the end the following:

''(c) REPORT TO CONGRESS.—Not later than 3 years after the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009, the Secretary shall prepare and submit to the authorizing committees, a report evaluating the performance of all eligible not-for-profit servicers awarded a contract under this section to service loans originated under this part. Such report shall give consideration to—

''(1) customer satisfaction of borrowers and institutions with respect to the loan servicing provided by the servicers;

''(2) compliance with applicable regulations by the servicers; and

''(3) the effectiveness of default aversion activities, and outreach services (if any), provided by the servicers.

''(d) DEFINITIONS.—In this section:

''(1) DEFAULT AVERSION ACTIVITIES.—The term 'default aversion activities' means activities that are directly related to providing collection assistance to the Secretary on a delinquent loan, prior to the loan being legally in a default status, including due diligence activities required pursuant to regulations.

''(2) ELIGIBLE NOT-FOR-PROFIT SERVICER.—

''(A) IN GENERAL.—The term 'eligible not-for-profit servicer' means an entity that, on the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009—

''(i) meets the definition of an eligible not-for-profit holder under section 435(p), except that such term does not include eligible lenders described in paragraph (1)(D) of such section;

''(ii) notwithstanding clause (i), is the sole beneficial owner of a loan for which the special allowance rate is calculated under section 438(b)(2)(I)(vi)(II) because the loan is held by an eligible lender trustee that is an eligible not-for-profit holder as defined under section 435(p)(1)(D); or

''(iii) is an affiliated entity of an eligible not-for-profit servicer described in clause (i) or (ii) that—

''(I) directly employs, or will directly employ (on or before the date the entity begins servicing loans under a contract awarded by the Secretary pursuant to subsection (a)(3)(A)), the majority of individuals who perform student loan servicing functions; and

''(II) on such date of enactment, was performing, or had entered into a contract with a third party servicer (as such term is defined in section 481(c)) who was performing, student loan servicing functions for loans made under part B of this title.

''(B) AFFILIATED ENTITY.—For the purposes of subparagraph (A), the term 'affiliated entity' means an entity contracted to perform services for an eligible not-for-profit servicer that—

''(i) is a nonprofit entity or is wholly owned by a nonprofit entity; and

''(ii) is not owned or controlled, in whole or in part, by—

''(I) a for-profit entity; or

''(II) an entity having its principal place of business in another State.

''(3) OUTREACH SERVICES.—The term 'outreach services' means programs offered to students and families, including programs delivered in coordination with institutions of higher education that—

''(A) encourage—

''(i) students to attend and complete a degree or certification program at an institution of higher education; and

''(ii) students and families to obtain financial aid, but minimize the borrowing of education loans; and

''(B) deliver financial literacy and counseling tools.''.

SEC. 215. INTEREST RATES.

Section 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding at the end the following new subparagraph:

''(E) REDUCED RATES FOR UNDERGRADUATE FDSL ON AND AFTER JULY 1, 2012.—Notwithstanding the preceding paragraphs of this subsection and subparagraph (A) of this paragraph, for Federal Direct Stafford Loans made to undergraduate students for which the first disbursement is made on or after July 1, 2012, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

''(ii) 2.5 percent,

except that such rate shall not exceed 6.8 percent.''.

Subtitle B—Perkins Loan Reform

SEC. 221. FEDERAL DIRECT PERKINS LOANS TERMS AND CONDITIONS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by inserting after section 455 the following new section:

''SEC. 455A. FEDERAL DIRECT PERKINS LOANS.

''(a) DESIGNATION OF LOANS.—Loans made to borrowers under this section shall be known as 'Federal Direct Perkins Loans'.

''(b) IN GENERAL.—It is the purpose of this section to authorize loans to be awarded by institutions of higher education through agreements established under section 463(f). Unless otherwise specified in this section, all terms and conditions and other requirements applicable to Federal Direct Unsubsidized Stafford loans established under section 455(a)(2)(D) shall apply to loans made pursuant to this section.

''(c) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 464(b) (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be eligible to borrow a Federal Direct Perkins Loan, provided the student attends an eligible institution with an agreement with the Secretary under section 463(f), and the institution uses its authority under that agreement to award the student a loan.

''(d) LOAN LIMITS.—The annual and aggregate limits for loans under this section shall be the same as those established under section 464, and aggregate limits shall include loans made by institutions under agreements under section 463(a).

''(e) APPLICABLE RATES OF INTEREST.—Loans made pursuant to this section shall bear interest, on the unpaid balance of the loan, at the rate of 5 percent per year.''.

SEC. 222. AUTHORIZATION OF APPROPRIATIONS.

Section 461 (20 U.S.C. 1087aa) is amended—

(1) in subsection (a), by inserting '', before July 1, 2010,'' after ''The Secretary shall'';

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(1) For the purpose'' and inserting ''For the purpose''; and

(ii) by striking ''and for each of the five succeeding fiscal years''; and

(B) by striking paragraph (2); and

(3) by striking subsection (c).

SEC. 223. ALLOCATION OF FUNDS.

Section 462 (20 U.S.C. 1087bb) is amended—

(1) in subsection (a)(1), by striking ''From'' and inserting ''For any fiscal year before fiscal year 2010, from''; and

(2) in subsection (i)(1), by striking ''for any fiscal year,'' and inserting ''for any fiscal year before fiscal year 2010,''.

SEC. 224. FEDERAL DIRECT PERKINS LOAN ALLOCATION.

Part E of title IV is further amended by inserting after section 462 (20 U.S.C. 1087bb) the following:

''SEC. 462A. FEDERAL DIRECT PERKINS LOAN ALLOCATION.

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

''(1) to allocate, among eligible and participating institutions (as such terms are defined in this section), the authority to make Federal Direct Perkins Loans under section 455A with a portion of the annual loan authority described in subsection (b); and

''(2) to make funds available, in accordance with section 452, to each participating institution from a portion of the annual loan authority described in subsection (b), in an amount not to exceed the sum of an institution's allocation of funds under subparagraphs (A), (B), and (C) of subsection (b)(1) to enable each such institution to make Federal Direct Perkins Loans to eligible students at the institution.

''(b) AVAILABLE DIRECT PERKINS ANNUAL LOAN AUTHORITY.—

''(1) AVAILABILITY AND ALLOCATIONS.—There are hereby made available, from funds made available for loans made under part D, not to exceed $6,000,000,000 of annual loan authority for award year 2010–2011 and each succeeding award year, to be allocated as follows:

''(A) The Secretary shall allocate not more than ½ of such funds for each award year by allocating to each participating institution an amount equal to the adjusted self-help need amount of the institution, as determined in accordance with subsection (c) for such award year.

''(B) The Secretary shall allocate not more than ¼ of such funds for each award year by allocating to each participating institution an amount equal to the low tuition incentive amount of the institution, as determined in accordance with subsection (d).

''(C) The Secretary shall allocate not more than ¼ of such funds for each award year by allocating to each participating institution an amount which bears the same ratio to the funds allocated under this subparagraph as the ratio determined in accordance with subsection (e) for the calculation of the Federal Pell Grant and degree recipient amount of the institution.

''(2) NO FUNDS TO NON-PARTICIPATING INSTITUTIONS.—The Secretary shall not make funds available under this subsection to any eligible institution that is not a participating institution. The adjusted self-help need amount (determined in accordance with subsection (c)) of an eligible institution that is not a participating institution shall not be made available to any other institution.

''(c) ADJUSTED SELF-HELP NEED AMOUNT.—For the purposes of subsection (b)(1)(A), the Secretary shall calculate the adjusted self-help need amount of each eligible institution for an award year as follows:

''(1) USE OF BASE SELF-HELP NEED AMOUNTS.—

''(A) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), the adjusted self-help need amount of each eligible institution shall be the institution's base self-help need amount, which is the sum of—

''(i) the self-help need of the institution's eligible undergraduate students for such award year; and

''(ii) the self-help need of the institution's eligible graduate and professional students for such award year.

''(B) UNDERGRADUATE STUDENT SELF-HELP NEED.—To determine the self-help need of an institution's eligible undergraduate students, the Secretary shall determine the sum of each eligible undergraduate student's average cost of attendance for the second preceding award year less each such student's expected family contribution (computed in accordance with part F) for the second preceding award year, except that, for each such eligible undergraduate student, the amount computed by such subtraction shall not be less than zero or more than the lesser of—

''(i) 25 percent of the average cost of attendance with respect to such eligible student; or

''(ii) $5,500.

''(C) GRADUATE AND PROFESSIONAL STUDENT SELF-HELP NEED.—To determine the self-help need of an institution's eligible graduate and professional students, the Secretary shall determine the sum of each eligible graduate and professional student's average cost of attendance for the second preceding award year less each such student's expected family contribution (computed in accordance with part F) for such second preceding award year, except that, for each such eligible graduate and professional student, the amount computed by such subtraction shall not be less than zero or more than $8,000.

''(2) RATABLE REDUCTION ADJUSTMENTS.—If the sum of the base self-help need amounts of all eligible institutions for an award year as determined under paragraph (1) exceeds ½ of the annual loan authority under subsection (b) for such award year, the Secretary shall ratably reduce the base self-help need amounts of all eligible institutions until the sum of such amounts is equal to the amount that is ½ of the annual loan authority under subsection (b).

''(3) REQUIRED MINIMUM AMOUNT.—Notwithstanding paragraph (2), the adjusted self-help need amount of each eligible institution shall not be less than the average of the institution's total principal amount of loans made under this part for each of the 5 most recent award years.

''(4) ADDITIONAL ADJUSTMENTS.—If the Secretary determines that a ratable reduction under paragraph (2) results in the adjusted self-help need amount of any eligible institution being reduced below the minimum amount required under paragraph (3), the Secretary shall—

''(A) for each institution for which the minimum amount under paragraph (3) is not satisfied, increase the adjusted self-help need amount to the amount of the required minimum under such subparagraph; and

''(B) ratably reduce the adjusted self-help need amounts of all eligible institutions not described in subparagraph (A) until the sum of the adjusted self-help need amounts of all eligible institutions is equal to the amount that is ½ of the annual loan authority under subsection (b).

''(d) LOW TUITION INCENTIVE AMOUNT.—

''(1) IN GENERAL.—For purposes of subsection (b)(1)(B), the Secretary shall determine the low tuition incentive amount for each participating institution for each award year, by calculating for each such institution the sum of—

''(A) the total amount, if any (but not less than zero), by which—

''(i) the average tuition and required fees for the institution's sector for the second preceding award year; exceeds

''(ii) the tuition and required fees for the second preceding award year for each undergraduate and graduate student attending the institution who had financial need (as determined under part F); plus

''(B) the total amount, if any (but not less than zero), by which—

''(i) the total amount for the second preceding award year of non-Federal grant aid provided to meet the financial need of all undergraduate students attending the institution (as determined without regard to financial aid not received under this title); exceeds

''(ii) the total amount for the second preceding award year, if any, by which—

''(I) the tuition and required fees of each such student with such financial need; exceeds

''(II) the average tuition and required fees for the institution's sector.

''(2) RATABLE REDUCTION.—If the sum of the low tuition incentive amounts of all participating institutions for an award year as determined under paragraph (1) exceeds ¼ of the annual loan authority under subsection (b) for such award year, the Secretary shall ratably reduce the low tuition incentive amounts of all participating institutions until the sum of such amounts is equal to the amount that is ¼ of the annual loan authority under subsection (b).

''(e) FEDERAL PELL GRANT AND DEGREE RECIPIENT AMOUNT.—For purposes of subsection (b)(1)(C), the Secretary shall determine the Federal Pell Grant and degree recipient amount for each participating institution for each award year, by calculating for each such institution the ratio of—

''(1) the number of students who, during the most recent year for which data are available, obtained an associate's degree or other postsecondary degree from such participating institution and, prior to obtaining such degree, received a Federal Pell Grant for attendance at any institution of higher education; to

''(2) the sum of the number of students who, during the most recent year for which data are available, obtained an associate's degree or other postsecondary degree from each participating institution and, prior to obtaining such degree, received a Federal Pell Grant for attendance at any institution of higher education.

''(f) DEFINITIONS.—As used in this section:

''(1) ANNUAL LOAN AUTHORITY.—The term 'annual loan authority' means the total original principal amount of loans that may be allocated and made available for an award year to make Federal Direct Perkins Loans under section 455A.

''(2) AVERAGE COST OF ATTENDANCE.—

''(A) IN GENERAL.—The term 'average cost of attendance' means the average of the attendance costs for undergraduate students and for graduate and professional students, respectively, for the second preceding award year which shall include—

''(i) tuition and required fees determined in accordance with subparagraph (B);

''(ii) standard living expenses determined in accordance with subparagraph (C); and

''(iii) books and supplies determined in accordance with subparagraph (D).

''(B) TUITION AND REQUIRED FEES.—The average undergraduate and graduate and professional tuition and required fees described in subparagraph (A)(i) shall be computed on the basis of information reported by the institution to the Secretary, which shall include—

''(i) total revenue received by the institution from undergraduate and graduate and professional students, respectively, for tuition and required fees for the second preceding award year; and

''(ii) the institution's full-time equivalent enrollment of undergraduate and graduate and professional students, respectively, for such second preceding award year.

''(C) STANDARD LIVING EXPENSES.—The standard living expense described in subparagraph (A)(ii) is equal to the allowance, determined by an institution, for room and board costs incurred by a student, as computed in accordance with part F for the second preceding award year.

''(D) BOOKS AND SUPPLIES.—The allowance for books and supplies described in subparagraph (A)(iii) is equal to the allowance, determined by an institution, for books, supplies,

transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, as computed in accordance with part F for the second preceding award year.

''(3) AVERAGE TUITION AND REQUIRED FEES FOR THE INSTITUTION'S SECTOR.—The term 'average tuition and required fees for the institution's sector' shall be determined by the Secretary for each of the categories described in section 132(d).

''(4) ELIGIBLE INSTITUTION.—The term 'eligible institution' means an institution of higher education that participates in the Federal Direct Stafford Loan Program.

''(5) PARTICIPATING INSTITUTION.—The term 'participating institution' means an institution of higher education that has an agreement under section 463(f).

''(6) SECTOR.—The term 'sector' means each of the categories described in section 132(d).''.

SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

(a) AMENDMENTS.—Section 463 (20 U.S.C. 1087cc) is amended—

(1) in subsection (a)—

(A) in the heading, by inserting ''FOR LOANS MADE BEFORE JULY 1, 2010'' after ''AGREEMENTS'';

(B) in paragraph (3)(A), by inserting ''before July 1, 2010'' after ''students'';

(C) in paragraph (4), by striking ''thereon—'' and all that follows and inserting ''thereon, if the institution has failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may require the institution to assign such note or agreement to the Secretary, without recompense;''; and

(D) in paragraph (5), by striking ''and the Secretary shall apportion'' and all that follows through ''in accordance with section 462'' and inserting ''and the Secretary shall return a portion of funds from loan repayments to the institution as specified in section 466(b)'';

(2) by amending subsection (b) to read as follows:

''(b) ADMINISTRATIVE EXPENSES.—An institution that has entered into an agreement under subsection (a) shall be entitled, for each fiscal year during which it services student loans from a student loan fund established under such agreement, to a payment in lieu of reimbursement for its expenses in servicing student loans made before July 1, 2010. Such payment shall be equal to 0.50 percent of the outstanding principal and interest balance of such loans being serviced by the institution as of September 30 of each fiscal year.''; and

(3) by adding at the end the following:

''(f) CONTENTS OF AGREEMENTS FOR LOANS MADE ON OR AFTER JULY 1, 2010.—An agreement with any institution of higher education that elects to participate in the Federal Direct Perkins Loan program under section 455A shall provide—

''(1) for the establishment and maintenance of a Direct Perkins Loan program at the institution under which the institution shall use loan authority allocated under section 462A to make loans to eligible students attending the institution;

''(2) that the institution, unless otherwise specified in this subsection, shall operate the program consistent with the requirements of agreements established under section 454;

''(3) that the institution will pay matching funds, quarterly, in an amount agreed to by the institution and the Secretary, to an escrow account approved by the Secretary, for the purpose of providing loan benefits to borrowers;

''(4) that if the institution fails to meet the requirements of paragraph (3), the Secretary shall suspend or terminate the institution's eligibility to make Federal Direct Perkins Loans under section 455A until such time as the Secretary determines, in accordance with section 498, that the institution has met the requirements of such paragraph; and

''(5) that if the institution ceases to be an eligible institution within the meaning of section 435(a) by reason of having a cohort default rate that exceeds the threshold percentage specified paragraph (2) of such section, the Secretary shall suspend or terminate the institution's eligibility to make Federal Direct Perkins Loans under section 455A unless and until the institution would qualify for a resumption of eligible institution status under such section.''.

(b) EFFECTIVE DATE.—The amendments made by paragraph (2) of subsection (a) shall take effect on October 1, 2010.

SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS.

Section 463A (20 U.S.C. 1087cc–1) is amended—

(1) in subsection (a), by striking ''Each institution'' and inserting ''For loans made before July 1, 2010, each institution''; and

(2) in subsection (b), by striking ''Each institution'' and inserting ''For loans made before July 1, 2010, each institution''.

SEC. 227. TERMS OF LOANS.

(a) Section 464 (20 U.S.C. 1087dd) is amended—

(1) in subsection (a)(1), by striking ''section 463'' and inserting ''section 463(a)'';

(2) in subsection (b)(1), by inserting ''made before July 1, 2010,'' after ''A loan'';

(3) in subsection (c)—

(A) in paragraph (1), by inserting ''made before July 1, 2010,'' after ''a loan'';

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting ''made before July 1, 2010,'' after ''any loan''; and

(ii) in subparagraph (B), by inserting ''made before July 1, 2010,'' after ''any loan'';

(C) in paragraph (3)(B), by inserting ''for a loan made before July 1, 2010,'' after ''during the repayment period'';

(D) in paragraph (4), by inserting ''before July 1, 2010,'' after ''for a loan made'';

(E) in paragraph (5), by striking ''The institution'' and inserting ''For loans made before July 1, 2010, the institution''; and

(F) in paragraph (6), by inserting ''made before July 1, 2010,'' after ''of loans'';

(4) in subsection (d), by inserting ''made before July 1, 2010,'' before ''from the student loan fund'';

(5) in subsection (e), by inserting ''with respect to loans made before July 1, 2010, and'' before ''as documented in accordance with paragraph (2),'';

(6) by repealing subsection (f);

(7) in subsection (g)(1), by inserting ''and before July 1, 2010,'' after ''January 1, 1986,'';

(8) in subsection (h)—

(A) in paragraph (1)(A) by inserting ''before July 1, 2010,'' after ''made under this part''; and

(B) in paragraph (2), by inserting ''before July 1, 2010,'' after ''under this part''; and

(9) in subsection (j)(1), by inserting ''before July 1, 2010,'' after ''under this part''.

SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

(a) Section 465 (20 U.S.C. 1087ee) is amended—

(1) in subsection (a), by inserting ''and before July 1, 2010,'' after ''June 30, 1972,''; and

(2) by amending subsection (b) to read as follows:

''(b) REIMBURSEMENT FOR CANCELLATIONS.—

''(1) ASSIGNED LOANS.—In the case of loans made under this part before July 1, 2010, and that are assigned to the Secretary, the Secretary shall, from amounts repaid each quarter on assigned Perkins Loans made before July 1, 2010, pay to each institution for each quarter an amount equal to—

''(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus

''(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.

''(2) RETAINED LOANS.—In the case of loans made under this part before July 1, 2010, and that are retained by the institution for servicing, the institution shall deduct from loan repayments owed to the Secretary under section 466, an amount equal to—

''(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus

''(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.''.

(b) Section 466 (20 U.S.C. 1087ff) is amended to read as follows:

''SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

''(a) CAPITAL DISTRIBUTION.—Beginning July 1, 2010, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

''(1) For the quarter beginning July 1, 2010, the Secretary shall first be paid, no later than September 30, 2010, an amount that bears the same ratio to the cash balance in such fund at the close of June 30, 2010, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to—

''(A) the sum of such Federal contributions and the institution's capital contributions to such fund, less

''(B) an amount equal to—

''(i) the institution's outstanding administrative costs as calculated under section 463(b),

''(ii) outstanding charges assessed under section 464(c)(1)(H), and

''(iii) outstanding loan cancellation costs incurred under section 465.

''(2) At the end of each quarter subsequent to the quarter ending September 30, 2010, the Secretary shall first be paid an amount that bears the same ratio to the cash balance in such fund at the close of the preceding quarter, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to—

''(A) the sum of such Federal contributions and the institution's capital contributions to such fund, less

''(B) an amount equal to—

''(i) the institution's administrative costs incurred for that quarter as calculated under section 463(b),

''(ii) charges assessed for that quarter under section 464(c)(1)(H), and

''(iii) loan cancellation costs incurred for that quarter under section 465.

''(3)(A) The Secretary shall calculate the amounts due to the Secretary under paragraph (1) (adjusted in accordance with subparagraph (B), as appropriate) and paragraph (2) and shall promptly inform the institution of such calculated amounts.

''(B) In the event that, prior to the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, an institution made a short-term, interest-free loan to the institution's student loan fund established under this part in anticipation of collections or receipt of Federal capital contributions, and the institution demonstrates to the Secretary, on or before June 30, 2010, that such loan will still be outstanding after June 30, 2010, the Secretary shall subtract the amount of such outstanding loan from the cash balance of the institution's student loan fund that is used to calculate the amount due to the Secretary under paragraph (1). An adjustment of an amount due to the Secretary under this subparagraph shall be made by the Secretary on a case-by-case basis.

''(4) Any remaining balance at the end of a quarter after a payment under paragraph (1) or (2) shall be retained by the institution for use at its discretion. Any balance so retained shall be withdrawn from the student loan fund and shall not be counted in calculating amounts owed to the Secretary for subsequent quarters.

''(5) Each institution shall make the quarterly payments to the Secretary described in paragraph (2) until all outstanding Federal Perkins Loans at that institution have been assigned to the Secretary and there are no funds remaining in the institution's student loan fund.

''(6) In the event that the institution's administrative costs, charges, and cancellation costs described in paragraph (2) for a quarter exceed the amount owed to the Secretary under paragraphs (1) and (2) for that quarter, no payment shall be due to the Secretary from the institution for that quarter and the Secretary shall pay the institution, from funds realized from the collection of assigned Federal Perkins Loans made before July 1, 2010, an amount that, when combined with the amount retained by the institution under paragraphs (1) and (2), equals the full amount of such administrative costs, charges, and cancellation costs.

''(b) ASSIGNMENT OF OUTSTANDING LOANS.—Beginning July 1, 2010, an institution of higher education may assign all outstanding loans made under this part before July 1, 2010, to the Secretary, consistent with the requirements of section 463(a)(5). In collecting loans so assigned, the Secretary shall pay an institution an amount that constitutes the same fraction of such collections as the fraction of the cash balance that the institution retains under subsection (a)(2), but determining such fraction without regard to subparagraph (B)(i) of such subsection.''.

SEC. 229. IMPLEMENTATION OF NON-TITLE IV REVENUE REQUIREMENT.

(a) AMENDMENTS.—Section 487(d) (20 U.S.C. 1094(d)) is amended—

(1) in paragraph (1)(E), by striking ''July 1, 2011'' and inserting ''July 1, 2012'';

(2) in paragraph (1)(F)—

(A) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

(B) by inserting after clause (ii) the following new clause:

''(iii) for the period beginning July 1, 2010, and ending July 1, 2012, the amount of funds the institution received from loans disbursed under section 455A;'';.

(3) in paragraph (2)(A), by striking ''two consecutive'' and inserting ''three consecutive''; and

(4) in paragraph (2)(B)—

(A) by striking ''any institutional fiscal year'' and inserting ''two consecutive institutional fiscal years'';

(B) by striking ''the two institutional fiscal years after the institutional fiscal year'' and inserting ''the institutional fiscal year after the second consecutive institutional fiscal year''; and

(C) by striking ''two consecutive'' in clause (ii) of such paragraph and inserting ''three consecutive''.

(b) TEMPORARY EFFECT.—The amendments made by paragraphs (3) and (4) of subsection (a)—

(1) shall take effect on the date of enactment of this Act; and

(2) shall cease to be effective on July 1, 2012.

SEC. 230. ADMINISTRATIVE EXPENSES.

Section 489(a) (20 U.S.C. 1096(a)) is amended—

(1) in the second sentence, by striking ''or under part E of this title''; and

(2) in the third sentence—

(A) by inserting ''and'' after ''subpart 3 of part A,''; and

(B) by striking ''compensation of students,'' and all that follows through the period and inserting ''compensation of students.''.

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR

Subtitle A—Elementary and Secondary Education

SEC. 301. DEFINITIONS.

In this subtitle:

(1) The term ''Bureau-funded school'' has the meaning given such term in section 1141 of the Education Amendments of 1978 (25 U.S.C. 2021).

(2) The term ''charter school'' has the meaning given such term in section 5210 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7221i).

(3) The term ''CHPS Criteria'' means the green building rating program developed by the Collaborative for High Performance Schools.

(4) The term ''Energy Star'' means the Energy Star program of the United States Department of Energy and the United States Environmental Protection Agency.

(5) The term ''Green Globes'' means the Green Building Initiative environmental design and rating system referred to as Green Globes.

(6) The term ''LEED Green Building Rating System'' means the United States Green Building Council Leadership in Energy and Environmental Design green building rating standard referred to as LEED Green Building Rating System.

(7) The term ''local educational agency''—

(A) has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801);

(B) includes any public charter school that constitutes a local educational agency under State law; and

(C) includes the Recovery School District of Louisiana.

(8) The term ''outlying area''—

(A) means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and

(B) includes the Republic of Palau.

(9) The term ''public school facilities'' means existing public elementary or secondary school facilities, including public charter school facilities and other existing facilities planned for adaptive reuse as public charter school facilities.

(10) The term ''Secretary'' means the Secretary of Education.

(11) The term ''State'' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

CHAPTER 1—GRANTS FOR MODERNIZATION, RENOVATION, OR REPAIR OF PUBLIC SCHOOL FACILITIES

SEC. 311. PURPOSE.

Grants under this chapter shall be for the purpose of modernizing, renovating, or repairing public school facilities (including early learning facilities, as appropriate), based on the need of the facilities for such improvements, to ensure that public school facilities are safe, healthy, high-performing, and technologically up-to-date.

SEC. 312. ALLOCATION OF FUNDS.

(a) RESERVATION.—

(1) IN GENERAL.—From the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), the Secretary shall reserve 2 percent of such amount, consistent with the purpose described in section 311—

(A) to provide assistance to the outlying areas; and

(B) for payments to the Secretary of the Interior to provide assistance to Bureau-funded schools.

(2) USE OF RESERVED FUNDS.—In each fiscal year, the amount reserved under paragraph (1) shall be divided between the uses described in subparagraphs (A) and (B) of such paragraph in the same proportion as the amount reserved under section 1121(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331(a)) is divided between the uses described in paragraphs (1) and (2) of such section 1121(a) in such fiscal year.

(3) DISTRESSED AREAS AND NATURAL DISASTERS.—From the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), the Secretary shall reserve 5 percent of such amount for grants to—

(A) local educational agencies serving geographic areas with significant economic distress, to be used consistent with the purpose described in section 311 and the allowable uses of funds described in section 313; and

(B) local educational agencies serving geographic areas recovering from a natural disaster, to be used consistent with the purpose described in section 321 and the allowable uses of funds described in section 323.

(b) ALLOCATION TO STATES.—

(1) STATE-BY-STATE ALLOCATION.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), and not reserved under subsection (a), each State shall be allocated an amount in proportion to the amount received by all local educational agencies in the State under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in every State under such part for such fiscal year.

(2) STATE ADMINISTRATION.—A State may reserve up to 1 percent of its allocation under paragraph (1) to carry out its responsibilities under this chapter, which include—

(A) providing technical assistance to local educational agencies;

(B) developing an online, publicly searchable database that includes an inventory of public school facilities in the State, including for each such facility, its design, condition, modernization, renovation and repair needs, utilization, energy use, and carbon footprint; and

(C) creating voluntary guidelines for high-performing school buildings, including guidelines concerning the following:

(i) Site location, storm water management, outdoor surfaces, outdoor lighting, and transportation, including public transit and pedestrian and bicycle accessability.

(ii) Outdoor water systems, landscaping to minimize water use, including elimination of irrigation systems for landscaping, and indoor water use reduction.

(iii) Energy efficiency (including minimum and superior standards, such as for heating, ventilation, and air conditioning systems), use of alternative energy sources, commissioning, and training.

(iv) Use of durable, sustainable materials and waste reduction.

(v) Indoor environmental quality, such as day lighting in classrooms, lighting quality, indoor air quality (including with reference to reducing the incidence and effects of asthma and other respiratory illnesses), acoustics, and thermal comfort.

(vi) Operations and management, such as use of energy-efficient equipment, indoor environmental management plan, maintenance plan, and pest management.

(3) GRANTS TO LOCAL EDUCATIONAL AGENCIES.—From the amount allocated to a State under paragraph (1), each eligible local educational agency in the State shall receive an amount in proportion to the amount received by such local educational agency under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in the State under such part for such fiscal year, except that no local educational agency that received funds under such part for such fiscal year shall receive a grant of less than $5,000 in any fiscal year under this chapter.

(4) SPECIAL RULE.—Section 1122(c)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6332(c)(3)) shall not apply to paragraph (1) or (3).

(c) SPECIAL RULES.—

(1) DISTRIBUTIONS BY SECRETARY.—The Secretary shall make and distribute the reservations and allocations described in subsections (a) and (b) not later than 120 days after an appropriation of funds for this chapter is made.

(2) DISTRIBUTIONS BY STATES.—A State shall make and distribute the allocations described in

subsection (b)(3) within 90 days of receiving such funds from the Secretary.

SEC. 313. ALLOWABLE USES OF FUNDS.

A local educational agency receiving a grant under this chapter shall use the grant for modernization, renovation, or repair of public school facilities (including early learning facilities, as appropriate), including—

(1) repair, replacement, or installation of roofs, including extensive, intensive or semi-intensive green roofs, electrical wiring, water supply and plumbing systems, sewage systems, storm water runoff systems, lighting systems, building envelope, windows, ceilings, flooring, or doors, including security doors;

(2) repair, replacement, or installation of heating, ventilation, or air conditioning systems, including insulation, and conducting indoor air quality assessments;

(3) compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that ensure that schools are prepared for emergencies, such as improving building infrastructure to accommodate security measures and installing or upgrading technology to ensure that schools are able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters;

(4) retrofitting necessary to increase the energy efficiency and water efficiency of public school facilities;

(5) modifications necessary to make facilities accessible in compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

(6) abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen;

(7) measures designed to reduce or eliminate human exposure to classroom noise and environmental noise pollution;

(8) modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water;

(9) installation or upgrading of educational technology infrastructure;

(10) modernization, renovation, or repair of science and engineering laboratories, libraries, and career and technical education facilities, and improvements to building infrastructure to accommodate bicycle and pedestrian access;

(11) installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, and solar-thermal and geothermal systems, and for energy audits;

(12) measures designed to reduce or eliminate human exposure to airborne particles such as dust, sand, and pollens;

(13) creating greenhouses, gardens (including trees), and other facilities for environmental, scientific, or other educational purposes, or to produce energy savings;

(14) modernizing, renovating, or repairing physical education facilities for students, including upgrading or installing recreational structures made from post-consumer recovered materials in accordance with the comprehensive procurement guidelines prepared by the Administrator of the Environmental Protection Agency under section 6002(e) of the Solid Waste Disposal Act (42 U.S.C. 6962(e));

(15) other modernization, renovation, or repair of public school facilities to—

(A) improve teachers' ability to teach and students' ability to learn;

(B) ensure the health and safety of students and staff;

(C) make them more energy efficient; or

(D) reduce class size; and

(16) required environmental remediation related to modernization, renovation, or repair described in paragraphs (1) through (15).

SEC. 314. PRIORITY PROJECTS.

In selecting a project under section 313, a local educational agency may give priority to projects involving the abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen.

CHAPTER 2—SUPPLEMENTAL GRANTS FOR LOUISIANA, MISSISSIPPI, AND ALABAMA

SEC. 321. PURPOSE.

Grants under this chapter shall be for the purpose of modernizing, renovating, repairing, or constructing public school facilities, including, where applicable, early learning facilities, based on the need for such improvements or construction, to ensure that public school facilities are safe, healthy, high-performing, and technologically up-to-date.

SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.

(a) IN GENERAL.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(b), the Secretary shall allocate to local educational agencies in Louisiana, Mississippi, and Alabama an amount equal to the infrastructure damage inflicted on public school facilities in each such district by Hurricane Katrina or Hurricane Rita in 2005 relative to the total of such infrastructure damage so inflicted in all such districts, combined.

(b) DISTRIBUTION BY SECRETARY.—The Secretary shall determine and distribute the allocations described in subsection (a) not later than 120 days after an appropriation of funds for this chapter is made.

SEC. 323. ALLOWABLE USES OF FUNDS.

A local educational agency receiving a grant under this chapter shall use the grant for one or more of the activities described in section 313, except that an agency receiving a grant under this chapter also may use the grant for the construction of new public school facilities.

CHAPTER 3—GENERAL PROVISIONS

SEC. 331. IMPERMISSIBLE USES OF FUNDS.

No funds received under this subtitle may be used for—

(1) payment of maintenance costs, including routine repairs classified as current expenditures under State or local law;

(2) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;

(3) improvement or construction of facilities the purpose of which is not the education of children, including central office administration or operations or logistical support facilities; or

(4) purchasing carbon offsets.

SEC. 332. SUPPLEMENT, NOT SUPPLANT.

A local educational agency receiving a grant under this subtitle shall use such Federal funds only to supplement and not supplant the amount of funds that would, in the absence of such Federal funds, be available for modernization, renovation, repair, and construction of public school facilities.

SEC. 333. PROHIBITION REGARDING STATE AID.

A State shall not take into consideration payments under this subtitle in determining the eligibility of any local educational agency in that State for State aid, or the amount of State aid, with respect to free public education of children.

SEC. 334. MAINTENANCE OF EFFORT.

(a) IN GENERAL.—A local educational agency may receive a grant under this subtitle for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the agency and the State involved with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(b) REDUCTION IN CASE OF FAILURE TO MEET MAINTENANCE OF EFFORT REQUIREMENT.—

(1) IN GENERAL.—The State educational agency shall reduce the amount of a local educational agency's grant in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency).

(2) SPECIAL RULE.—No such lesser amount shall be used for computing the effort required under subsection (a) for subsequent years.

(c) WAIVER.—The Secretary shall waive the requirements of this section if the Secretary determines that a waiver would be equitable due to—

(1) exceptional or uncontrollable circumstances, such as a natural disaster; or

(2) a precipitous decline in the financial resources of the local educational agency.

SEC. 335. SPECIAL RULE ON CONTRACTING.

Each local educational agency receiving a grant under this subtitle shall ensure that, if the agency carries out modernization, renovation, repair, or construction through a contract, the process for any such contract ensures the maximum number of qualified bidders, including local, small, minority, and women- and veteran-owned businesses, through full and open competition.

SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS.

(a) IN GENERAL.—None of the funds appropriated or otherwise made available by this subtitle may be used for a project for the modernization, renovation, repair, or construction of a public school facility unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply in any case or category of cases in which the Secretary finds that—

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) PUBLICATION OF JUSTIFICATION.—If the Secretary determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the Secretary shall publish in the Federal Register a detailed written justification of the determination.

(d) CONSTRUCTION.—This section shall be applied in a manner consistent with United States obligations under international agreements.

SEC. 337. LABOR STANDARDS.

The grant programs under this subtitle are applicable programs (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b).

SEC. 338. CHARTER SCHOOLS.

(a) IN GENERAL.—A local educational agency receiving an allocation under this subtitle shall reserve an amount of that allocation for charter schools within its jurisdiction for modernization, renovation, repair, and construction of charter school facilities.

(b) DETERMINATION OF RESERVED AMOUNT.—The amount to be reserved by a local educational agency under subsection (a) shall be determined based on the combined percentage of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5)) in the schools of the agency who—

(1) are enrolled in charter schools; and

(2) the local educational agency, in consultation with the authorized public chartering agency, expects to be enrolled, during the year with

respect to which the reservation is made, in charter schools that are scheduled to commence operation during such year.

(c) SCHOOL SHARE.—Individual charter schools shall receive a share of the amount reserved under subsection (a) based on the need of each school for modernization, renovation, repair, or construction, as determined by the local educational agency in consultation with charter school administrators.

(d) EXCESS FUNDS.—After the consultation described in subsection (c), if the local educational agency determines that the amount of funds reserved under subsection (a) exceeds the modernization, renovation, repair, and construction needs of charter schools within the local educational agency's jurisdiction, the agency may use the excess funds for other public school facility modernization, renovation, repair, or construction consistent with this subtitle and is not required to carry over such funds to the following fiscal year for use for charter schools.

SEC. 339. GREEN SCHOOLS.

(a) IN GENERAL.—Of the funds appropriated for a given fiscal year and made available to a local educational agency to carry out this subtitle, the local educational agency shall use not less than the applicable percentage (described in subsection (b)) of such funds for public school modernization, renovation, repair, or construction that are certified, verified, or consistent with any applicable provisions of—

(1) the LEED Green Building Rating System;

(2) Energy Star;

(3) the CHPS Criteria;

(4) Green Globes; or

(5) an equivalent program adopted by the State, or another jurisdiction with authority over the local educational agency, that includes a verifiable method to demonstrate compliance with such program.

(b) APPLICABLE PERCENTAGES.—The applicable percentage described in subsection (a) is—

(1) for funds appropriated in fiscal year 2010, 50 percent; and

(2) for funds appropriated in fiscal year 2011, 75 percent.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit a local educational agency from using sustainable, domestic hardwood lumber as ascertained through the forest inventory and analysis program of the Forest Service of the Department of Agriculture under the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) for public school modernization, renovation, repairs, or construction.

(d) TECHNICAL ASSISTANCE.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall provide outreach and technical assistance to States and local educational agencies concerning the best practices in school modernization, renovation, repair, and construction, including those related to student academic achievement, student and staff health, energy efficiency, and environmental protection.

SEC. 340. REPORTING.

(a) REPORTS BY LOCAL EDUCATIONAL AGENCIES.—Local educational agencies receiving a grant under this subtitle shall annually compile a report describing the projects for which such funds were used, including—

(1) the number and identity of public schools in the agency, including the number of charter schools, and for each school, the total number of students, and the number of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

(2) the total amount of funds received by the local educational agency under this subtitle, and for each public school in the agency, including each charter school, the amount of such funds expended, and the types of modernization, renovation, repair, or construction projects for which such funds were used;

(3) the number of students impacted by such projects, including the number of students so impacted who are counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

(4) the number of public schools in the agency with a metro-centric locale code of 41, 42, or 43 as determined by the National Center for Education Statistics and the percentage of funds received by the agency under chapter 1 or chapter 2 of this subtitle that were used for projects at such schools;

(5) the number of public schools in the agency that are eligible for schoolwide programs under section 1114 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314) and the percentage of funds received by the agency under chapter 1 or chapter 2 of this subtitle that were used for projects at such schools;

(6) for each project—

(A) the cost;

(B) the standard described in section 339(a) with which the use of the funds complied or, if the use of funds did not comply with a standard described in section 339(a), the reason such funds were not able to be used in compliance with such standards and the agency's efforts to use such funds in an environmentally sound manner; and

(C) any demonstrable or expected benefits as a result of the project (such as energy savings, improved indoor environmental quality, student and staff health, including the reduction of the incidence and effects of asthma and other respiratory illnesses, and improved climate for teaching and learning); and

(7) the total number and amount of contracts awarded, and the number and amount of contracts awarded to local, small, minority, women, and veteran-owned businesses.

(b) AVAILABILITY OF REPORTS.—A local educational agency shall—

(1) submit the report described in subsection (a) to the State educational agency, which shall compile such information and report it annually to the Secretary; and

(2) make the report described in subsection (a) publicly available, including on the agency's website.

(c) REPORTS BY SECRETARY.—Not later than March 31 of each fiscal year, the Secretary shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate, and make available on the Department of Education's website, a report on grants made under this subtitle, including the information from the reports described in subsection (b)(1).

SEC. 341. SPECIAL RULES.

Notwithstanding any other provision of this subtitle, none of the funds authorized by this subtitle may be—

(1) used to employ workers in violation of section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a); or

(2) distributed to a local educational agency that does not have a policy that requires a criminal background check on all employees of the agency.

SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.

The Secretary of Education, in consultation with the Secretary of Labor, shall work with recipients of funds under this subtitle to promote appropriate opportunities to gain employment experience working on modernization, renovation, repair, and construction projects funded under this subtitle for—

(1) participants in a YouthBuild program (as defined in section 173A of the Workforce Investment Act of 1998 (29 U.S.C. 2918a));

(2) individuals enrolled in the Job Corps program carried out under subtitle C of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2881 et seq.);

(3) individuals enrolled in a junior or community college (as defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1088(f))) certificate or degree program relating to projects described in section 339(a); and

(4) participants in preapprenticeship programs that have direct linkages with apprenticeship programs that are registered with the Department of Labor or a State Apprenticeship Agency under the National Apprenticeship Act of 1937 (29 U.S.C. 50 et seq.).

SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PERFORMING PUBLIC SCHOOL FACILITIES.

(a) ESTABLISHMENT OF ADVISORY COUNCIL.—The Secretary shall establish an advisory council to be known as the ''Advisory Council on Green, High-Performing Public School Facilities'' (in this section referred to as the ''Advisory Council'') which shall be composed of—

(1) appropriate officials from the Department of Education;

(2) representatives of the academic, architectural, business, education, engineering, environmental, labor, and scientific communities; and

(3) such other representatives as the Secretary deems appropriate.

(b) DUTIES OF ADVISORY COUNCIL.—

(1) ADVISORY DUTIES.—The Advisory Council shall advise the Secretary on the impact of green, high-performing schools, on—

(A) teaching and learning;

(B) health;

(C) energy costs;

(D) environmental impact; and

(E) other areas that the Secretary and the Advisory Council deem appropriate.

(2) OTHER DUTIES.—The Advisory Council shall assist the Secretary in—

(A) making recommendations on Federal policies to increase the number of green, high-performing schools;

(B) identifying Federal policies that are barriers to helping States and local educational agencies make green, high-performing schools;

(C) providing technical assistance and outreach to States and local educational agencies under section 339(d); and

(D) providing the Secretary such other assistance as the Secretary deems appropriate.

(c) CONSULTATION.—In carrying out its duties under subsection (b), the Advisory Council shall consult with the Chair of the Council on Environmental Quality and the heads of appropriate Federal agencies, including the Secretary of Commerce, the Secretary of Energy, the Secretary of Health and Human Services, the Secretary of Labor, the Administrator of the Environmental Protection Agency, and the Administrator of the General Services Administration (through the Office of Federal High-Performance Green Buildings).

SEC. 344. EDUCATION REGARDING PROJECTS.

A local educational agency receiving funds under this subtitle may encourage schools at which projects are undertaken with such funds to educate students about the project, including, as appropriate, the functioning of the project and its environmental, energy, sustainability, and other benefits.

SEC. 345. AVAILABILITY OF FUNDS.

(a) CHAPTER 1.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 1 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money in the Treasury not otherwise appropriated), $2,020,000,000 for each of fiscal years 2010 and 2011.

(b) CHAPTER 2.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 2 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money in the Treasury not otherwise appropriated), $30,000,000 for each of fiscal years 2010 and 2011.

(c) PROHIBITION ON EARMARKS.—None of the funds appropriated under this section may be used for a Congressional earmark as defined in

clause 9(d) of rule XXI of the Rules of the House of Representatives.

Subtitle B—Higher Education

SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COLLEGE MODERNIZATION AND CONSTRUCTION.

(a) IN GENERAL.—

(1) GRANT PROGRAM.—From the amounts made available under subsection (i), the Secretary shall award grants to States for the purposes of constructing new community college facilities and modernizing, renovating, and repairing existing community college facilities. Grants awarded under this section shall be used by a State for one or more of the following:

(A) To reduce financing costs of loans for new construction, modernization, renovation, or repair projects at community colleges (such as paying interest or points on such loans).

(B) To provide matching funds for a community college capital campaign to attract private donations of funds for new construction, modernization, renovation, or repair projects at the community college.

(C) To capitalize a revolving loan fund to finance new construction, modernization, renovation, and repair projects at community colleges.

(2) ALLOCATION.—

(A) DETERMINATION OF AVAILABLE AMOUNT.—The Secretary shall determine the amount available for allocation to each State by determining the amount equal to the total number of students in the State who are enrolled in community colleges and who are pursuing a degree or certificate that is not a bachelor's, master's, professional, or other advanced degree, relative to the total number of such students in all States, combined.

(B) ALLOCATION.—The Secretary shall allocate to each State selected by the Secretary to receive a grant under this section an amount equal to the amount determined to be available for allocation to such State under subparagraph (A), less any portion of that amount that is subject to a limitation under paragraph (3).

(C) REALLOCATION.—Amounts not allocated under this section to a State because—

(i) the State did not submit an application under subsection (b);

(ii) the State submitted an application that the Secretary determined did not meet the requirements of such subsection; or

(iii) the State is subject to a limitation under paragraph (3) that prevents the State from using a portion of the allocation,

shall be proportionately reallocated under this paragraph to the States that are not described in clause (i), (ii), or (iii) of this subparagraph.

(3) GRANT AMOUNT LIMITATIONS.—A grant awarded to a State under this section—

(A) to reduce financing costs of loans for new construction, modernization, renovation, or repair projects at community colleges under paragraph (1)(A) shall be for an amount that is not more than 25 percent of the total principal amount of the loans for which financing costs are being reduced; and

(B) to provide matching funds for a community college capital campaign under paragraph (1)(B) shall be for an amount that is not more than 25 percent of the total amount of the private donations of funds raised through such campaign over the duration of such campaign, as such duration is determined by the State in the application submitted under subsection (b).

(4) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to construct new community college facilities or modernize, renovate, or repair existing community college facilities.

(b) APPLICATION.—A State that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may require. Such application shall include a certification by the State that the funds provided under this section for the construction of new community college facilities and the modernization, renovation, and repair of existing community college facilities will improve instruction at such colleges and will improve the ability of such colleges to educate and train students to meet the workforce needs of employers in the State.

(c) USE OF FUNDS BY COMMUNITY COLLEGES.—

(1) PERMISSIBLE USES OF FUNDS.—Funds made available to community colleges through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C) shall be used only for the construction, modernization, renovation, or repair of community college facilities that are primarily used for instruction, research, or student housing, which may include any of the following:

(A) Repair, replacement, or installation of roofs, including extensive, intensive, or semi-intensive green roofs, electrical wiring, water supply and plumbing systems, sewage systems, storm water runoff systems, lighting systems, building envelope, windows, ceilings, flooring, or doors, including security doors.

(B) Repair, replacement, or installation of heating, ventilation, or air conditioning systems, including insulation, and conducting indoor air quality assessments.

(C) Compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that ensure that the community college's facilities are prepared for emergencies, such as improving building infrastructure to accommodate security measures and installing or upgrading technology to ensure that the community college is able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters.

(D) Retrofitting necessary to increase the energy efficiency of the community college's facilities.

(E) Modifications necessary to make facilities accessible in compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(F) Abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, or lead-based hazards, including lead-based paint hazards from the community college's facilities.

(G) Modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water.

(H) Modernization, renovation, and repair relating to improving science and engineering laboratories, libraries, or instructional facilities.

(I) Installation or upgrading of educational technology infrastructure.

(J) Installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, solar-thermal and geothermal systems, and energy audits.

(K) Other modernization, renovation, or repair projects that are primarily for instruction, research, or student housing.

(L) Required environmental remediation related to modernization, renovation, or repair described in subparagraphs (A) through (K).

(2) GREEN SCHOOL REQUIREMENT.—A community college receiving assistance through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C) shall use not less than 50 percent of such assistance to carry out projects for construction, modernization, renovation, or repair that are certified, verified, or consistent with the applicable provisions of—

(A) the LEED Green Building Rating System;

(B) Energy Star;

(C) the CHPS Criteria, as applicable;

(D) Green Globes; or

(E) an equivalent program adopted by the State or the State higher education agency that includes a verifiable method to demonstrate compliance with such program.

(3) PROHIBITED USES OF FUNDS.—

(A) IN GENERAL.—No funds awarded under this section may be used for—

(i) payment of maintenance costs;

(ii) construction, modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; or

(iii) construction, modernization, renovation, or repair of facilities—

(I) used for sectarian instruction, religious worship, or a school or department of divinity; or

(II) in which a substantial portion of the functions of the facilities are subsumed in a religious mission.

(B) FOUR-YEAR INSTITUTIONS.—No funds awarded to a four-year public institution of higher education under this section may be used for any facility, service, or program of the institution that is not available to students who are pursuing a degree or certificate that is not a bachelor's, master's, professional, or other advanced degree.

(d) APPLICATION OF GEPA.—The grant program authorized in this section is an applicable program (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b). The Secretary shall, notwithstanding section 437 of such Act (20 U.S.C. 1232) and section 553 of title 5, United States Code, establish such program rules as may be necessary to implement such grant program by notice in the Federal Register.

(e) CONCURRENT FUNDING.—Funds made available under this section shall not be used to assist any community college that receives funding for the construction, modernization, renovation, and repair of facilities under any other program under this Act, the Higher Education Act of 1965, or the American Recovery and Reinvestment Act of 2009.

(f) REPORTS BY THE STATES.—Each State that receives a grant under this section shall, not later than September 30, 2012, and annually thereafter for each fiscal year in which the State expends funds received under this section, submit to the Secretary a report that includes—

(1) a description the projects for which the grant funding was, or will be, used;

(2) a list of the community colleges that have received, or will receive, assistance from the grant through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C); and

(3) a description of the amount and nature of the assistance provided to each such college.

(g) REPORT BY THE SECRETARY.—The Secretary shall submit to the authorizing committees (as defined in section 103 of the Higher Education Act of 1965) an annual report on the grants made under this section, including the information described in subsection (f).

(h) DEFINITIONS.—

(1) COMMUNITY COLLEGE.—As used in this section, the term ''community college'' means—

(A) a junior or community college, as such term is defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1085(f)); or

(B) a four-year public institution of higher education (as defined in section 101 of the Higher Education Act of 1965) that awards a significant number of degrees and certificates that are not—

(i) bachelor's degrees (or an equivalent); or

(ii) master's, professional, or other advanced degrees.

(2) CHPS CRITERIA.—The term ''CHPS Criteria'' means the green building rating program

developed by the Collaborative for High Performance Schools.

(3) ENERGY STAR.—The term ''Energy Star'' means the Energy Star program of the United States Department of Energy and the United States Environmental Protection Agency.

(4) GREEN GLOBES.—The term ''Green Globes'' means the Green Building Initiative environmental design and rating system referred to as Green Globes.

(5) LEED GREEN BUILDING RATING SYSTEM.—The term ''LEED Green Building Rating System'' means the United States Green Building Council Leadership in Energy and Environmental Design green building rating standard referred to as the LEED Green Building Rating System.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(7) STATE.—The term ''State'' has the meaning given such term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(i) AVAILABILITY OF FUNDS.—There are authorized to be appropriated, and there are appropriated, to carry out this section (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated), $2,500,000,000 for fiscal year 2011, which shall remain available until expended.

TITLE IV—EARLY LEARNING CHALLENGE FUND

SEC. 401. PURPOSE.

The purpose of this title is to provide grants on a competitive basis to States for the following:

(1) To promote standards reform of State early learning programs serving children from birth through age 5 in order to support the healthy development and improve the school readiness outcomes of young children.

(2) To establish a high standard of quality in early learning programs that integrates appropriate early learning and development standards across early learning settings.

(3) To fund and implement quality initiatives that improve the skills and effectiveness of early learning providers, and improve the quality of existing early learning programs, in order to increase the number of disadvantaged children who participate in comprehensive and high-quality early learning programs.

(4) To ensure that a greater number of disadvantaged children enter kindergarten with the cognitive, social, emotional, and physical skills and abilities needed to be successful in school.

(5) To increase parents' abilities to access comprehensive and high quality early learning programs across settings for their children.

SEC. 402. PROGRAMS AUTHORIZED.

(a) QUALITY PATHWAYS GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year to award grants on a competitive basis to States in accordance with section 403.

(b) DEVELOPMENT GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year to award grants in accordance with section 404 on a competitive basis to States that demonstrate a commitment to establishing a system of early learning that will include the components described in section 403(c)(3) but are not—

(1) eligible to be awarded a grant under subsection (a); or

(2) are not awarded such a grant after application.

(c) RESERVATIONS OF FEDERAL FUNDS.—

(1) RESEARCH, EVALUATION, AND ADMINISTRATION.—From the amount made available to carry out this title for a fiscal year, the Secretary—

(A) shall reserve up to 2 percent jointly to administer this title with the Secretary of Health and Human Services; and

(B) shall reserve up to 3 percent to carry out activities under section 405.

(2) TRIBAL SCHOOL READINESS PLANNING DEMONSTRATION.—After making the reservations under paragraph (1), the Secretary shall reserve 0.25 percent for a competitive grant program for Indian tribes to develop and implement school readiness plans that—

(A) are coordinated with local educational agencies serving children who are members of the tribe; and

(B) include American Indian and Alaska Native Head Start and Early Head Start programs, tribal child care programs, Indian Health Service programs, and other tribal programs serving children.

(3) QUALITY PATHWAYS GRANTS.—

(A) IN GENERAL.—From the amount made available to carry out this title for a fiscal year and not reserved under paragraph (1) or (2), the Secretary shall reserve a percent (which shall be not greater than 65 percent for fiscal years 2010 through 2012 and not greater than 85 percent for fiscal year 2013 and each succeeding fiscal year) determined under subparagraph (B) to carry out subsection (a).

(B) DETERMINATION OF AMOUNT.—In determining the amount to reserve under subparagraph (A), the Secretary, consistent with section 403(e), shall take into account the following:

(i) The total number of States determined by the Secretary to qualify for receipt of a grant under this title for the year.

(ii) The number of children under age 5 from low-income families in each State with an approved application under section 403 for the year.

(C) REALLOCATION.—For fiscal year 2013 and subsequent fiscal years, the Secretary may reallocate funds allocated for development grants under subsection (b) for the purpose of providing additional grants under subsection (a), if the Secretary determines that there is an insufficient number of applications that meet the requirements for a grant under subsection (b).

(d) STATE APPLICATIONS.—In applying for a grant under this title, a State—

(1) shall designate a State-level entity for administration of the grant;

(2) shall coordinate proposed activities with the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))) and shall incorporate plans and recommendations from such Council in the application, where applicable; and

(3) otherwise shall submit the application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(e) PRIORITY IN AWARDING GRANTS.—In awarding grants under this title, the Secretary shall give priority to States—

(1) whose applications contain assurances that the State will use, in part, funds reserved under section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) for activities described in section 403(f);

(2) that will commit to dedicating a significant increase, in comparison to recent fiscal years, in State expenditures on early learning programs and services; and

(3) that demonstrate efforts to build public-private partnerships designed to accomplish the purposes of this title.

(f) MAINTENANCE OF EFFORT.—

(1) IN GENERAL.—With respect to each period for which a State is awarded a grant under this title, the aggregate expenditures by the State and its political subdivisions on early learning programs and services shall be not less than the level of the expenditures for such programs and services by the State and its political subdivisions for fiscal year 2006.

(2) STATE EXPENDITURES.—For purposes of paragraph (1), expenditures by the State on early learning programs and services shall include, at a minimum, the following:

(A) State matching and maintenance of effort funds for the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

(B) State matching funds for the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))).

(C) State expenditures on public pre-kindergarten, Head Start (including Early Head Start), and other State early learning programs and services dedicated to children (including State expenditures under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.)).

(g) PROHIBITIONS ON USE OF FUNDS.—Funds under this title may not be used for any of the following:

(1) Assessments that provide rewards or sanctions for individual children or teachers.

(2) A single assessment used as the primary or sole method for assessing program effectiveness.

(3) Evaluating children other than for—

(A) improving instruction or classroom environment;

(B) targeting professional development;

(C) determining the need for health, mental health, disability, or family support services;

(D) informing the quality improvement process at the State level;

(E) program evaluation for the purposes of program improvement and parent information; or

(F) research conducted as part of the national evaluation required by section 405(2).

(h) FEDERAL ADMINISTRATION.—

(1) IN GENERAL.—With respect to this title, the Secretary shall bear responsibility for obligating and disbursing funds and ensuring compliance with applicable laws and administrative requirements, subject to paragraph (2).

(2) INTERAGENCY AGREEMENT.—The Secretary of Education and the Secretary of Health and Human Services shall jointly administer this title on such terms as such secretaries shall set forth in an interagency agreement.

SEC. 403. QUALITY PATHWAYS GRANTS.

(a) GRANT PERIOD.—Grants under section 402(a)—

(1) may be awarded for a period not to exceed 5 years; and

(2) may be renewed, subject to approval by the Secretary, and based on the State's progress in—

(A) increasing the percentage of disadvantaged children in each age group (infants, toddlers, and preschoolers) who participate in high-quality early learning programs;

(B) increasing the number of high-quality early learning programs in low-income communities;

(C) implementing an early learning system that includes the components described in subsection (c)(3); and

(D) incorporating the findings and recommendations reported by the commission established under section 405(1) into the State system of early learning.

(b) MATCHING REQUIREMENT.—

(1) IN GENERAL.—Subject to subsection (g), to be eligible to receive a grant under section 402(a), a State shall contribute to the activities assisted under the grant non-Federal matching funds in an amount equal to not less than the applicable percent of the amount of the grant.

(2) APPLICABLE PERCENT.—For purposes of paragraph (1), the applicable percent means—

(A) 10 percent in the first fiscal year of the grant;

(B) 10 percent in the second fiscal year of the grant;

(C) 15 percent in the third fiscal year of the grant; and

(D) 20 percent in the fourth fiscal year of the grant and subsequent fiscal years.

(3) NON-FEDERAL FUNDS.—A State may use the following to satisfy the requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisition, construction, or improvement of early learning

program facilities serving disadvantaged children.

(C) Technical assistance related to subparagraph (B).

(4) PRIVATE CONTRIBUTIONS.—Private contributions made as part of public-private partnerships to increase the number of low-income children in high-quality early learning programs in a State may be used by the State to satisfy the requirement of paragraph (1).

(5) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of a State that has submitted an application for a grant under section 402(a) if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(c) STATE APPLICATIONS.—In order to be considered for a grant under section 402(a), a State's application under section 402(d) shall include the following:

(1) A description of how the State will use the grant to implement quality initiatives to improve early learning programs serving disadvantaged children from birth to age 5 to lead to a greater percentage of such children participating in higher quality early learning programs.

(2) A description of the goals and benchmarks the State will establish to lead to a greater percentage of disadvantaged children participating in higher quality early learning programs to improve school readiness outcomes, including an established baseline of the number of disadvantaged children in high-quality early learning programs.

(3) A description of how the State will implement a governance structure and a system of early learning programs and services that includes the following components:

(A) Not later than 12 months after receiving notice of an award of the grant, complete State early learning and development standards that include social and emotional, cognitive, and physical development domains, and approaches to learning that are developmentally appropriate (including culturally and linguistically appropriate) for all children.

(B) A process to ensure that State early learning and development standards are integrated into the instructional and programmatic practices of early learning programs and services, including services provided to children under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.).

(C) A program rating system that builds on licensing requirements, as appropriate, and other State regulatory standards and that—

(i) is designed to improve quality and effectiveness across different types of early learning settings;

(ii) integrates evidence-based program quality standards that reflect standard levels of quality and has progressively higher levels of program quality;

(iii) integrates the State's early learning and development standards for the purpose of improving instructional and programmatic practices;

(iv) addresses quality and effective inclusion of children with disabilities or developmental delays across different types of early learning settings;

(v) addresses staff qualifications and professional development;

(vi) provides financial incentives and other supports to help programs meet and sustain higher levels of quality;

(vii) includes mechanisms for evaluating how programs are meeting those standards and progressively higher levels of quality; and

(viii) includes a mechanism for public awareness and understanding of the program rating system, including rating levels of individual programs.

(D) A system of program review and monitoring that is designed to rate providers using the system described in subparagraph (C) and to assess and improve programmatic practices, instructional practices, and classroom environment.

(E) A process to support early learning programs integrating instructional and programmatic practices that—

(i) include developmentally appropriate (including culturally and linguistically appropriate), ongoing, classroom-based instructional assessments for each domain of child development and learning (including social and emotional, cognitive, and physical development domains and approaches to learning) to guide and improve instructional practice, professional development of staff, and services; and

(ii) are aligned with the curricula used in the early learning program and with the State early learning and development standards or the Head Start Child Outcomes Framework (as described in the Head Start Act), as applicable.

(F) Minimum preservice early childhood development and education training requirements for providers in early learning programs.

(G) A comprehensive plan for supporting the professional preparation and the ongoing professional development of an effective, well-compensated early learning workforce, which plan includes training and education that is sustained, intensive, and classroom-focused and leads toward a credential or degree and is tied to improved compensation.

(H) An outreach strategy to promote understanding by parents and families of—

(i) how to support their child's early development and learning;

(ii) the State's program rating system, as described in subparagraph (C); and

(iii) the rating of the program in which their child is enrolled.

(I) A coordinated system to facilitate screening, referral, and provision of services related to health, mental health, disability, and family support for children participating in early learning programs.

(J) A process for evaluating school readiness in children that reflects all of the major domains of development, and that is used to guide practice and improve early learning programs.

(K) A coordinated data infrastructure that facilitates—

(i) uniform data collection about the quality of early learning programs, essential information about the children and families that participate in such programs, and the qualifications and compensation of the early learning workforce in such programs; and

(ii) alignment and interoperability between the data system for early learning programs for children and data systems for elementary and secondary education.

(4) A description of how the funds provided under the grant will be targeted to prioritize increasing the number and percentage of low-income children in high-quality early learning programs, including children—

(A) in each age group (infants, toddlers, and preschoolers);

(B) with developmental delays and disabilities;

(C) with limited English proficiency; and

(D) living in rural areas.

(5) An assurance that the grant will be used to improve the quality of early learning programs across a range of types of settings and providers of such programs.

(6) A description of the steps the State will take to make progress toward including all center-based child care programs, family child care programs, State-funded prekindergarten, Head Start programs, and other early learning programs, such as those funded under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) or receiving funds under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.) in the State program rating system described in paragraph (3)(C).

(7) An assurance that the State, not later than 18 months after receiving notice of an award of the grant, will conduct an analysis of the alignment of the State's early learning and development standards with—

(A) appropriate academic content standards for grades kindergarten through 3; and

(B) elements of program quality standards for early learning programs.

(8) An assurance that the grant will be used only to supplement, and not to supplant, Federal, State, and local funds otherwise available to support existing early learning programs and services.

(9) A description of any disparity by age group (infants, toddlers, and preschoolers) of available high-quality early learning programs in low-income communities and the steps the State will take to decrease such disparity, if applicable.

(10) A description of how the State early learning and development standards will address the needs of children with limited English proficiency, including by incorporating benchmarks related to English language development.

(11) A description of how the State's professional development plan will prepare the early learning workforce to support the early learning needs of children with limited English proficiency.

(12) A description of how the State will improve interagency collaboration and coordinate the purposes of this title with the activities funded under—

(A) section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e);

(B) section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

(C) title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.);

(D) State-funded pre-kindergarten programs (where applicable);

(E) Head Start programs; and

(F) other early childhood programs and services.

(13) A description of how the State's early learning policies, including child care policies, facilitate access to high-quality early learning programs for children from low-income families.

(14) An assurance that the State will continue to participate in part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.) for the duration of the grant.

(d) CRITERIA USED IN AWARDING GRANTS.—In awarding grants under section 402(a), the Secretary shall evaluate the applications, and award grants under such section on a competitive basis, based on—

(1) the quality of the application submitted pursuant to section 402(d);

(2) the priority factors described in section 402(e);

(3) evidence of significant progress in establishing a system of early learning for children that includes the components described in subsection (c)(3); and

(4) the State's capacity to fully complete implementation of such a system.

(e) CRITERION USED IN DETERMINING AMOUNT OF AWARD.—In determining the amount to award a State under section 402(a), the Secretary shall take into account—

(1) the proportion of children under age 5 from low-income families in the State relative to such proportion in other States; and

(2) the State plan and capacity to implement the criteria described in paragraphs (3) and (4) of subsection (d).

(f) STATE USES OF FUNDS.—

(1) IN GENERAL.—A State receiving a grant under section 402(a) shall use the grant as follows:

(A) Not less than 65 percent of the grant amount shall be used for two or more of the following activities to improve the quality of early learning programs serving disadvantaged children:

(i) Initiatives that improve the credentials of early learning providers and are tied to increased compensation.

(ii) Initiatives that help early learning programs meet and sustain higher program quality standards, such as—

(I) improving the ratio of early learning provider to children in early learning settings;

(II) reducing group size;

(III) improving the qualifications of early learning providers; and

(IV) supporting effective education and training for early learning providers.

(iii) Implementing classroom observation assessments and data-driven decisions (which may include implementation of a research-based prevention and intervention framework designed to build social competence and prevent challenging behaviors) tied to activities that improve instructional practices, programmatic practices, or classroom environment and promote school readiness.

(iv) Providing financial incentives to early learning programs—

(I) for undertaking quality improvements that promote healthy development and school readiness; and

(II) maintaining quality improvements that promote healthy development and school readiness.

(v) Integrating State early learning and development standards into instructional and programmatic practices in early learning programs.

(vi) Providing high-quality, sustained, intensive, and classroom-focused professional development that improves the knowledge and skills of early learning providers, including professional development related to meeting the needs of diverse populations.

(vii) Building the capacity of early learning programs and communities to promote the understanding of parents and families of the State's early learning system and the rating of the program in which their child is enrolled and to encourage the active involvement and engagement of parents and families in the learning and development of their children.

(viii) Building the capacity of early learning programs and communities to facilitate screening, referral, and provision of services related to health, mental health, disability, and family support for children participating in early learning programs.

(ix) Other innovative activities, proposed by the State and approved in advance by the Secretary that are—

(I) based on successful practices;

(II) designed to improve the quality of early learning programs and services; and

(III) advance the system components described in subsection (c)(3).

(B) The remainder of the grant amount may be used for one or more of the following:

(i) Implementation or enhancement of the State's data system described in subsection (c)(3)(K), including interoperability across agencies serving children, and unique child and program identifiers.

(ii) Enhancement of the State's oversight system for early learning programs, including the implementation of a program rating system.

(iii) The development and implementation of measures of school readiness of children that reflect all of the major domains of child development and that inform the quality improvement process.

(2) PRIORITY.—A State receiving a grant under section 402(a) shall use the grant so as to prioritize improving the quality of early learning programs serving children from low-income families.

(g) SPECIAL RULE.—

(1) IN GENERAL.—Beginning with the second fiscal year of a grant under section 402(a), a State with respect to which the Secretary certifies that the State has made sufficient progress in implementing the requirements of the grant may apply to the Secretary to reserve up to 25 percent of the amount of the grant to expand access for children from low-income families to the highest quality early learning programs that offer full-day services, except that the State must agree to contribute for such purpose non-Federal matching funds in an amount equal to not less than 20 percent of the amount reserved under this subsection. One-half of such non-Federal matching funds may be provided by a private entity.

(2) NON-FEDERAL FUNDS.—A State may use the following to satisfy the matching requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisition, construction, or improvement of early learning program facilities serving disadvantaged children.

(C) Technical assistance related to subparagraph (B).

(3) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of a State under paragraph (1) if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(h) IMPROVEMENT PLAN.—If the Secretary determines that a State receiving a grant under section 402(a) is encountering barriers to reaching goals described in subsection (c)(2), the State shall develop a plan for improvement in consultation with, and subject to approval by, the Secretary.

SEC. 404. DEVELOPMENT GRANTS.

(a) GRANT PERIOD.—Grants under section 402(b) may be awarded for a period not to exceed 3 years, and may not be renewed.

(b) STATE USES OF FUNDS.—

(1) IN GENERAL.—A State receiving a grant under section 402(b) shall use the grant to undertake activities to develop the early learning system components described in section 403(c)(3) and that will allow a State to become eligible and competitive for a grant described in section 402(a).

(2) PRIORITY.—A State receiving a grant under section 402(b) shall use the grant so as to prioritize improving the quality of early learning programs serving low-income children.

(c) MATCHING REQUIREMENT.—

(1) IN GENERAL.—To be eligible to receive a grant under section 402(b), a State shall contribute to the activities assisted under the grant non-Federal matching funds in an amount equal to not less than the applicable percent of the amount of the grant.

(2) APPLICABLE PERCENT.—For purposes of paragraph (1), the applicable percent means—

(A) 20 percent in the first fiscal year of the grant;

(B) 25 percent in the second fiscal year of the grant; and

(C) 30 percent in the third fiscal year of the grant.

(3) NON-FEDERAL FUNDS.—A State may use the following to satisfy the requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisition, construction, or improvement of early learning program facilities serving disadvantaged children.

(C) Technical assistance related to subparagraph (B).

(4) PRIVATE CONTRIBUTIONS.—Private contributions made as part of public-private partnerships to increase the number of low-income children in high-quality early learning programs in a State may be used by the State to satisfy the requirement of paragraph (1).

(5) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of a State that has submitted an application for a grant under section 402(b) if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

SEC. 405. RESEARCH AND EVALUATION.

From funds reserved under section 402(c)(1), the Secretary of Education and the Secretary of Health and Human Services, acting jointly, shall carry out the following activities:

(1) Establishing a national commission whose duties shall include—

(A) reviewing the status of State and Federal early learning program quality standards and early learning and development standards;

(B) recommending benchmarks for program quality standards and early learning and development standards, including taking into consideration the school readiness needs of children with limited English proficiency; and

(C) reporting to the Secretaries of Education and Health and Human Services not later than 2 years after the date of the enactment of this Act on the commission's findings and recommendations.

(2) Conducting a national evaluation of the grants made under this title through the Institute of Education Science in collaboration with the appropriate research divisions within the Department of Health and Human Services.

(3) Supporting a research collaborative among the Institute of Education Sciences, the National Institute of Child Health and Human Development, the Office of Planning, Research, and Evaluation within the Administration for Children and Families in the Department of Health and Human Services, and, as appropriate, other Federal entities to support research on early learning that can inform improved State and other standards and licensing requirements and improved child outcomes, which collaborative shall—

(A) biennially prepare and publish for public comment a detailed research plan;

(B) support early learning research activities that could include determining—

(i) the characteristics of early learning programs that produce positive developmental outcomes for children;

(ii) the effects of program quality standards on child outcomes;

(iii) the relationships between specific interventions and types of child and family outcomes;

(iv) the effectiveness of early learning provider training in raising program quality and improving child outcomes;

(v) the effectiveness of professional development strategies in raising program quality and improving child outcomes; and

(vi) how to improve the school readiness outcomes of children with limited English proficiency, special needs, and homeless children, including evaluation of professional development programs for working with such children; and

(C) disseminate relevant research findings and best practices.

(4) Evaluating barriers to improving the quality of early learning programs serving low-income children, including evaluating barriers to successful interagency collaboration and coordination, by conducting a review of the statewide strategic reports developed by the State Advisory Councils on Early Care and Education and other relevant reports, reporting the findings of such review to Congress, and disseminating relevant research findings and best practices.

SEC. 406. REPORTING REQUIREMENTS.

(a) REPORTS TO CONGRESS.—For each year in which funding is provided under this title, the Secretary shall submit an annual report to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate on the activities carried out under this title, including, at a minimum, information on the following:

(1) The activities undertaken by States to increase the availability of high-quality early learning programs.

(2) The number of children in high-quality early learning programs, and the change from the prior year, disaggregated by State, age, and race.

(3) The number of early learning providers enrolled, with assistance from funds under this title, in a program to obtain a credential or degree in early childhood education and the settings in which such providers work.

(4) A summary of State progress in implementing a system of early learning with the components described in section 403(c)(3).

(5) A summary of the research activities being conducted under section 405 and the findings of such research.

(b) REPORTS TO SECRETARY.—Each State that receives a grant under this title shall submit to the Secretary an annual report that includes, at a minimum, information on the activities carried out by the State under this title, including the following:

(1) The progress on fully implementing and integrating into a system of early learning each of the components described in section 403(c)(3).

(2) The State's progress in meeting its goals for increasing the number of disadvantaged children participating in high-quality early learning programs, disaggregated by child age.

(3) The number and percentage of disadvantaged children participating in early learning programs at each level of quality, disaggregated by race, family income, child age, disability, and limited English proficiency status.

(4) The number of providers participating in the State quality rating system, disaggregated by setting, rating, and the number of high-quality providers available in low-income communities.

(5) Information on how the funds provided under this title were used to increase the availability of high-quality early learning programs for each age group, disaggregated by race and limited English proficient status, to the maximum extent practicable.

(6) Information on professional development and training expenditures, including—

(A) the number of early learning providers engaged in such activities; and

(B) the number of early learning providers enrolled in programs to obtain a credential or degree in early childhood education, disaggregated by the type of credential and degree.

(7) The change in the number and percentage of early learning providers with appropriate credentials or degrees in early childhood education, including the change in compensation given to such providers, in comparison to the prior fiscal year, disaggregated by early learning setting and the type of credential or degree.

(8) In the case of a State receiving a grant under section 402(a), the percentage of children receiving assistance under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) who participate in the highest quality early learning programs, disaggregated by program setting and child age.

(9) Barriers to expanding access to high-quality early learning programs for disadvantaged children.

SEC. 407. CONSTRUCTION.

Nothing in this title—

(1) shall be construed to require a child to participate in an early learning program; or

(2) shall be used to deny entry to kindergarten for any individual if the individual is legally eligible, as defined by State or local law.

SEC. 408. DEFINITIONS.

For purposes of this title:

(1) CHILD.—The term ''child'' refers to an individual from birth through the day the individual enters kindergarten.

(2) DISADVANTAGED.—The term ''disadvantaged'', when used with respect to a child, means a child whose family income is described in section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).

(3) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given such term in section 637 of the Head Start Act (42 U.S.C. 9832).

(4) LIMITED ENGLISH PROFICIENT.—The term ''limited English proficient'' has the meaning given such term in section 637 of the Head Start Act (42 U.S.C. 9832).

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) STATE.—The term ''State'' has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

SEC. 409. AVAILABILITY OF FUNDS.

There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts appropriated to carry out this title and out of any money in the Treasury not otherwise appropriated) $1,000,000,000 for each of fiscal years 2010 through 2017.

TITLE V—AMERICAN GRADUATION INITIATIVE

SEC. 501. AUTHORIZATION AND APPROPRIATION.

(a) AUTHORIZATION AND APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts appropriated to carry out this title and out of any money in the Treasury not otherwise appropriated), $730,000,000 for each of the fiscal years 2010 through 2013, and $680,000,000 for each of the fiscal years 2014 through 2019.

(b) ALLOCATIONS.—Of the amount appropriated under subsection (a)—

(1) $630,000,000 shall be made available for each of the fiscal years 2010 through 2013 to carry out section 503;

(2) $630,000,000 shall be made available for each of the fiscal years 2014 through 2019 to carry out section 504;

(3) $50,000,000 shall be made available for each of the fiscal years 2010 through 2019 to carry out subsection (a) of section 505; and

(4) $50,000,000 shall be made available for each of the fiscal years 2010 through 2013 to carry out subsections (b) and (c) of section 505.

(c) RESPONSIBILITY.—

(1) IN GENERAL.—With respect to sections 503 and 504, the Secretary of Education shall bear the responsibility for obligating and disbursing funds under such sections and ensuring compliance with applicable law and administrative requirements, subject to paragraph (2).

(2) INTERAGENCY AGREEMENT.—The Secretary of Education and the Secretary of Labor shall jointly administer sections 503 and 504 on such terms as such Secretaries shall set forth in an interagency agreement.

SEC. 502. DEFINITIONS; GRANT PRIORITY.

(a) DEFINITIONS.—In this title:

(1) AREA CAREER AND TECHNICAL EDUCATION SCHOOL.—The term ''area career and technical education school'' has the meaning given such term in section 3 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2302).

(2) COMMUNITY COLLEGE.—The term ''community college'' means a public institution of higher education at which the highest degree that is predominantly awarded to students is an associate's degree.

(3) ELIGIBLE ENTITY.—The term ''eligible entity'' means—

(A) a community college or community college district;

(B) an area career and technical education school;

(C) a public four-year institution of higher education that—

(i) offers two-year degrees;

(ii) will use funds provided under this section for activities at the certificate and associate degree levels; and

(iii) is not reasonably close, as determined by the Secretary, to a community college;

(D) a public four-year institution of higher education that is in partnership with an eligible entity described in subparagraph (A), (B), or (C);

(E) a State that—

(i) is in compliance with section 137 of the Higher Education Act of 1965 (20 U.S.C. 1015f);

(ii) has an articulation agreement pursuant to section 486A of such Act (20 U.S.C. 1093a); and

(iii) is in partnership with an eligible entity described in subparagraph (A), (B), (C), or (D); or

(F) a consortium of at least 2 entities described in subparagraphs (A) through (E).

(4) INDUSTRY OR SECTOR PARTNERSHIP.—The term ''industry or sector partnership'' has the meaning given such term in section 782(f) of the Higher Education Act of 1965.

(5) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(6) PHILANTHROPIC ORGANIZATION.—The term ''philanthropic organization'' has the meaning given such term in section 781(i) of the Higher Education Act of 1965 (20 U.S.C. 1141(i)).

(7) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(8) STATE.—The term ''State'' has the meaning given such term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(9) STATE PUBLIC EMPLOYMENT SERVICE.—The term ''State public employment service'' refers to a State public employment service established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(10) STATE WORKFORCE INVESTMENT BOARD; LOCAL WORKFORCE INVESTMENT BOARD.—The terms ''State workforce investment board'' and ''local workforce investment board'' refer to a State workforce investment board established under section 111 of the Workforce Investment Act (29 U.S.C. 2821) and a local workforce investment board established under section 117 of such Act (29 U.S.C. 2832), respectively.

(11) SUPPORTIVE SERVICES.—The term ''supportive services'' has the meaning given such term in section 101(46) of the Workforce Investment Act of 1998 (29 U.S.C. 2801(46)).

(b) GRANT PRIORITY.—In addition to any grant priorities established under any other provision of this title, the Secretary, in awarding grants under this title, shall give priority to applications focused on serving low-income, nontraditional students who do not have a bachelor's degree, and who have one or more of the following characteristics:

(1) Are the first generation in their family to attend college.

(2) Have delayed enrollment in college.

(3) Have dependents.

(4) Are independent students.

(5) Work at least 25 hours per week.

(6) Are out-of-school youth without a high school diploma.

SEC. 503. GRANTS TO ELIGIBLE ENTITIES FOR COMMUNITY COLLEGE REFORM.

(a) PROGRAM AUTHORIZATION.—

(1) GRANTS AUTHORIZED.—

(A) IN GENERAL.—Subject to paragraph (2), from the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible entities, on a competitive basis, to establish and support programs described in subparagraph (B) at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3).

(B) PROGRAMS.—The programs to be established and supported with grants under subparagraph (A) (and carried out through activities described in subsection (f)) shall be programs—

(i) that are—

(I) innovative programs; or

(II) programs of demonstrated effectiveness, based on the evaluations of similar programs funded by the Department of Education or the Department of Labor, or other research of similar programs; and

(ii) that lead to the completion of a postsecondary degree, certificate, or industry-recognized credential leading to a skilled occupation in a high-demand industry.

(2) LIMITATION.—For each fiscal year for which funds are appropriated to carry out this

section, the aggregate amount of the grants awarded to eligible entities that are States, or consortia that include a State, shall be not more than 50 percent of the total amount appropriated under section 501(b)(1) for such fiscal year.

(3) PROHIBITION.—The Secretary shall not award a grant to an eligible entity for the same activities that are being supported by other Federal funds.

(b) GRANT DURATION AND AMOUNT.—

(1) DURATION.—A grant under this section shall be awarded to an eligible entity for a 4-year period, except that if the Secretary determines that the eligible entity has not made demonstrable progress in achieving the benchmarks developed pursuant to subsection (g) by the end of the third year of such grant period, no further grant funds shall be made available to the entity after the date of such determination.

(2) AMOUNT.—The minimum amount of a total grant award under this section over the 4-year period of the award shall be $750,000.

(c) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to eligible entities that—

(1) enter into partnerships with—

(A) philanthropic or research organizations with expertise in meeting the goals of this section;

(B) businesses or industry or sector partnerships that—

(i) design and implement programs described in subsection (a)(1)(B);

(ii) pay a portion of the costs of such programs; and

(iii) agree to collaborate with one or more eligible entities to hire individuals who have completed a particular postsecondary degree, certificate, or credential program; or

(C) labor organizations that provide technical expertise for occupationally specific education necessary for an industry-recognized credential leading to a skilled occupation in a high-demand industry; or

(2) are institutions of higher education eligible for assistance under title III or V of the Higher Education Act of 1965, or consortia that include such an institution.

(d) FEDERAL AND NON-FEDERAL SHARE; SUPPLEMENT, NOT SUPPLANT.—

(1) FEDERAL SHARE.—The amount of the Federal share under this section for a fiscal year shall be not greater than ½ of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant.

(2) NON-FEDERAL SHARE.—

(A) IN GENERAL.—The amount of the non-Federal share under this section for a fiscal year shall be not less than ½ of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant. The non-Federal share may be in cash or in kind, and may be provided from State resources, local resources, contributions from private organizations, or a combination thereof.

(B) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of an eligible entity that has submitted an application under this section if the entity demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(3) SUPPLEMENT, NOT SUPPLANT.—The Federal and non-Federal shares required by this section shall be used to supplement, and not supplant, State and private resources that would otherwise be expended to establish and support programs described in subsection (a)(1)(B) at eligible entities.

(e) APPLICATION.—An eligible entity seeking to receive a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall describe the programs under subsection (a)(1)(B) that the eligible entity will carry out using the grant funds, (including the programs, services, and policies under subsection (f)), including—

(1) the goals of such programs, services, and policies;

(2) how the eligible entity will allocate grant funds for such programs, services, and policies;

(3) how such programs, services, and policies, and the resources of the eligible entity, will enable the eligible entity to meet the benchmarks developed pursuant to subsection (g), and how the eligible entity will track and report the entity's progress in reaching such benchmarks;

(4) how the eligible entity will use such programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes;

(5) how the eligible entity will serve high-need populations through such programs, services, and policies;

(6) how the eligible entity will partner with industry or sector partnerships in the State, the State public employment service, and State or local workforce investment boards in carrying out such programs, services, and policies;

(7) an assurance that the eligible entity will share information with the Learning and Earning Research Center established under section 505(b), once such Center is established;

(8) an assurance that the eligible entity will participate in the evaluation of such programs, services, and policies under subsection (i); and

(9) the potential for such programs, services, and policies to be replicated at other institutions of higher education.

(f) USES OF FUNDS.—An eligible entity receiving a grant under this section shall use the grant funds to carry out the programs described in subsection (a)(1)(B), which shall include at least 2 of the following activities:

(1) Developing and implementing policies and programs to expand opportunities for students at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3) to earn bachelor's degrees by—

(A) facilitating the transfer of academic credits between institutions of higher education, including the transfer of academic credits for courses in the same field of study; and

(B) expanding articulation agreements and guaranteed transfer agreements between such institutions, including through common course numbering and general core curriculum.

(2) Expanding, enhancing, or creating academic programs or training programs, which shall be carried out with industry or sector partnerships or in partnership with employers and may include other relevant partners, that provide relevant job-skill training (including apprenticeships and worksite learning and training opportunities) for skilled occupations in high-demand industries.

(3) Providing student support services, including—

(A) intensive career and academic advising;

(B) labor market information and job counseling; and

(C) transitional job support, supportive services, or assistance in connecting students with community resources.

(4) Creating workforce programs that provide a sequence of education and occupational training that leads to industry-recognized credentials, including programs that—

(A) blend basic skills and occupational training that lead to industry-recognized credentials;

(B) integrate developmental education curricula and instruction with for-credit coursework toward degree or certificate pathways; or

(C) advance individuals on a career path toward high-wage occupations in high-demand industries.

(5) Building or enhancing linkages, including the development of dual enrollment programs and early college high schools, between—

(A) secondary education or adult education programs (including programs established under the Carl D. Perkins Career and Technical Education Act of 2006 and title II of the Workforce Investment Act of 1998 (29 U.S.C. 9201 et seq.)); and

(B) eligible entities described in subparagraphs (A) through (D) of section 502(a)(3).

(6) Implementing other innovative programs, services, and policies designed to—

(A) increase postsecondary degree, certificate, and industry-recognized credential completion rates, particularly with respect to groups underrepresented in higher education, at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3); and

(B) increase the provision of training for students to enter skilled occupations in high-demand industries.

(7) Improving the timeliness of the process for creating degree, certificate, and industry-recognized credential programs at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3) that—

(A) reflect and respond to regional labor market developments and trends;

(B) effectively address the workforce needs of employers in the State; and

(C) are designed in consultation with such employers.

(g) BENCHMARKS.—

(1) IN GENERAL.—Each eligible entity receiving a grant under this section shall develop quantifiable benchmarks on the following indicators (where applicable), to be approved by the Secretary:

(A) Closing gaps in enrollment and completion rates for—

(i) groups underrepresented in higher education; and

(ii) groups of students enrolled at the eligible entity (or at an institution of higher education under the jurisdiction of the eligible entity, in the case of an entity that is not an institution) who have the lowest enrollment and completion rates.

(B) Addressing local and regional workforce needs.

(C) Establishing articulation agreements between two-year and four-year public institutions of higher education within a State.

(D) Improving comprehensive employment and educational outcomes for postsecondary education and training programs, including—

(i) student persistence from one academic year to the following academic year;

(ii) the number of credits students earn toward a certificate or an associate's degree;

(iii) the number of students in developmental education courses who subsequently enroll in credit bearing coursework;

(iv) transfer of general education credits between institutions of higher education, as applicable;

(v) completion of industry-recognized credentials or associate's degrees to work in skilled occupations in high-demand industries;

(vi) transfers to four-year institutions of higher education; and

(vii) job placement related to skills training or associate's degree completion.

(2) REPORT.—The eligible entity receiving such a grant shall annually measure and report to the Secretary the progress of the entity in achieving the benchmarks developed pursuant to paragraph (1).

(h) PROVISION OF TRANSFER OF CREDIT INFORMATION IN COMMUNITY COLLEGE COURSE SCHEDULES.—To the maximum extent practicable, each community college receiving a grant under this section shall include in each electronic and printed publication of the college's course schedule, in a manner of the college's choosing, for each course listed in the college's course schedule, whether such course is transferable for credit toward the completion of a 4-year baccalaureate degree at a public institution of higher education in the State in which the college is located.

(i) EVALUATION.—The Secretary shall allocate not more than two percent of the funds appropriated under section 501(b)(1) to the Institute of

Education Sciences to conduct evaluations, ending not later than January 30, 2014, that—

(1) assess the effectiveness of the grant programs carried out by each eligible entity receiving such a grant in—

(A) improving postsecondary education completion rates (disaggregated by age, race, ethnicity, sex, income, and disability);

(B) improving employment-related outcomes for students served by such programs;

(C) serving high-need populations; and

(D) building or enhancing working partnerships with the State public employment service or State or local workforce investment boards; and

(2) include any other information or assessments the Secretary may require.

(j) REPORT.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives an annual report on grants awarded under this section, including—

(1) the amount awarded to each eligible entity under this section;

(2) a description of the activities conducted by each eligible entity receiving a grant under this section; and

(3) a summary of the results of the evaluations submitted to the Secretary under subsection (i) and the progress each eligible entity made toward achieving the benchmarks developed under subsection (g).

SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY COLLEGE PROGRAMS.

(a) PROGRAM AUTHORIZATION.—From the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible States, on a competitive basis, to implement the systematic reform of community colleges located in the State by carrying out programs, services, and policies that demonstrated effectiveness under the evaluation described in section 503(i).

(b) ELIGIBLE STATE.—In this section, the term ''eligible State'' means a State that demonstrates to the Secretary in the application submitted pursuant to subsection (e) that the State—

(1) has a plan under section 782 of the Higher Education Act of 1965 to increase the State's rate of persistence in and completion of postsecondary education that takes into consideration and involves community colleges located in such State;

(2) has a statewide longitudinal data system that includes data with respect to community colleges;

(3) has an articulation agreement pursuant to section 486A of the Higher Education Act of 1965 (20 U.S.C. 1093a);

(4) is in compliance with section 137 of such Act (20 U.S.C. 1015f); and

(5) meets any other requirements the Secretary may require.

(c) GRANT DURATION; RENEWAL.—A grant awarded under this section shall be awarded to an eligible State for a 6-year period, except that if the Secretary determines that the eligible State has not made demonstrable progress in achieving the benchmarks developed pursuant to subsection (g) by the end of the third year of the grant period, no further grant funds shall be made available to the entity after the date of such determination.

(d) FEDERAL AND NON-FEDERAL SHARE; SUPPLEMENT, NOT SUPPLANT.—

(1) FEDERAL SHARE.—The amount of the Federal share under this section for a fiscal year shall be not greater than ½ of the costs of the reform described in subsection (f) that is carried out with the grant.

(2) NON-FEDERAL SHARE.—

(A) IN GENERAL.—The amount of the Non-Federal share under this section for a fiscal year shall be not less than ½ of the costs of the reform described in subsection (f) that is carried out with the grant. The non-Federal share may be in cash or in kind, and may be provided from State resources, local resources, contributions from private organizations, or a combination thereof.

(B) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of an eligible State that has submitted an application under this section if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(3) SUPPLEMENT, NOT SUPPLANT.—The Federal and non-Federal share required by this section shall be used to supplement, and not supplant, State and private resources that would otherwise be expended to carry out the systematic reform of community colleges in a State.

(e) APPLICATION.—An eligible State desiring to receive a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall describe the programs, service, and policies to be used by the State to achieve the systematic reform described in subsection (f), including—

(1) the goals of such programs, services, and policies;

(2) how the State will allocate grant funds to carry out such programs, services, and policies, including identifying any State or private entity that will administer such programs, services, and policies;

(3) how such programs, services, and policies will enable the State to—

(A) meet the benchmarks developed pursuant to subsection (g), and how the State will track and report the State's progress in reaching such benchmarks; and

(B) benefit students attending all community colleges within the State;

(4) how the State will use such programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes;

(5) how the State will serve high-need populations through such programs, services, and policies;

(6) how the State will partner with the State public employment service and State or local workforce investment boards in carrying out such programs, services, and policies;

(7) how the State will evaluate such programs, services, and policies, which may include participation in national evaluations; and

(8) how the State will involve community colleges and community college faculty in the planning, implementation, and evaluation of such programs, services, and policies.

(f) USES OF FUNDS.—An eligible State receiving a grant under this section shall use the grant funds to implement the systematic reform of community colleges located in the State by carrying out programs, services, and policies that the Secretary has determined to have demonstrated effectiveness based on the results of the evaluation described in section 503(i). States shall allocate not less than 90 percent of such grant funds to community colleges within the State.

(g) BENCHMARKS.—

(1) IN GENERAL.—Each eligible State receiving a grant under this section shall, in consultation with the Secretary, develop quantifiable benchmarks on the indicators identified in section 503(f)(1).

(2) PROGRESS.—An eligible State receiving such a grant shall annually measure and report to the Secretary progress in achieving the benchmarks developed pursuant to paragraph (1).

(h) REPORT.—

(1) REPORTS TO THE SECRETARY.—Each eligible State receiving a grant under this section shall annually submit to the Secretary and the Secretary of Labor a report on such grant, including—

(A) a description of the systematic reform carried out by the State using such grant; and

(B) the outcome of such reform, including the State's progress in achieving the benchmarks developed under subsection (g).

(2) REPORTS TO CONGRESS.—Not later than 6 months after the end of the grant period, the Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives a summary of the reports submitted under paragraph (1) with respect to such grant period.

(i) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) community colleges play an important role in preparing and training students seeking to enter the workforce;

(2) it is vital that all States have access to the resources and assistance needed to compete for grants authorized under this section; and

(3) in executing the grant program authorized under this section, the Secretary will make available any and all assistance, guidance, and support to States seeking to compete for grants authorized under this section and will work to ensure that such grants are distributed in a fair and equitable manner.

SEC. 505. NATIONAL ACTIVITIES.

(a) OPEN ONLINE EDUCATION.—From the amount appropriated to carry out this section, the Secretary is authorized to make competitive grants to, or enter into contracts with, institutions of higher education, philanthropic organizations, and other appropriate entities to develop, evaluate, and disseminate freely-available high-quality online training, high school courses, and postsecondary education courses. Entities receiving funds under this subsection shall ensure that electronic and information technology activities meet the access standards established under section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d).

(b) LEARNING AND EARNING RESEARCH CENTER.—

(1) IN GENERAL.—From the amount appropriated to carry out this section, the Director of the Institute of Education Sciences is authorized to award a grant to, or enter into a contract with, an organization with demonstrated expertise in the research and evaluation of community colleges to establish and operate the Learning and Earning Research Center (in this section referred to as the ''Center'').

(2) GRANT TERM.—The grant or contract awarded under this section shall be awarded for a period of not more than 4 years.

(3) BOARD.—The Center shall have an independent advisory board of 9 individuals who—

(A) are appointed by the Secretary, based on recommendations from the organization receiving the grant or contract under this section; and

(B) who have demonstrated expertise in—

(i) data collection;

(ii) data analysis; and

(iii) econometrics, postsecondary education, and workforce development research.

(4) CENTER ACTIVITIES.—The Center shall—

(A) develop—

(i) peer-reviewed metrics to help consumers make sound education and training choices, and to help students, workers, schools, businesses, researchers, and policymakers assess the effectiveness of community colleges, and courses of study at such colleges, in meeting education and employment objectives and serving groups that are underrepresented in postsecondary education;

(ii) common metrics and data elements to measure the education and employment outcomes of students attending community colleges;

(B) coordinate with the Institute of Education Sciences and States receiving a grant under subsection (c) to develop—

(i) standardized data elements, definitions, and data-sharing protocols to make it possible for data systems related to postsecondary education to be linked and interoperable, and for best practices to be shared among States;

(ii) standards and processes for facilitating sharing of data in a manner that safeguards student privacy; and

(C) develop and make widely available materials analyzing best practices and research on successful postsecondary education and training efforts;

(D) make the data and metrics developed pursuant to subparagraph (A) available to the public in a transparent, user-friendly format that is accessible to individuals with disabilities; and

(E) consult with representatives from States with respect to the activities of the Center.

(c) STATE SYSTEMS.—

(1) IN GENERAL.—From the amount appropriated to carry out this section, the Secretary is authorized to award grants to States or consortia of States to establish cooperative agreements to develop, implement, and expand interoperable statewide longitudinal data systems that—

(A) collect, maintain, disaggregate (by institution, income, race, ethnicity, sex, disability, and age), and analyze student data from community colleges, including data on the programs of study and education and employment outcomes for particular students, tracked over time; and

(B) can be linked to other data systems, as applicable, including elementary and secondary education and workforce data systems.

(2) SUPPLEMENT, NOT SUPPLANT.—Funds appropriated to carry out this subsection shall be used to supplement, and not supplant, other Federal and State resources that would otherwise be expended to carry out statewide longitudinal data systems, including funding appropriated for State Longitudinal Data Systems in the American Recovery and Reinvestment Act of 2009 (Public Law 111–5; 123 Stat. 115).

(3) PRIVACY AND ACCESS TO DATA.—

(A) IN GENERAL.—Each State or consortia that receives a grant under this subsection or any other provision of this Act shall implement measures to—

(i) ensure that the statewide longitudinal data system under this subsection and any other data system the State or consortia is operating for the purposes of this Act meet the requirements of section 444 of the General Education Provisions Act (20 U.S.C. 1232g) (commonly known as the ''Family Educational Rights and Privacy Act of 1974'');

(ii) limit the use of information in any such data system by governmental agencies in the State, including State agencies, State educational authorities, local educational agencies, community colleges, and institutions of higher education, to education and workforce related activities under this Act or education and workforce related activities otherwise permitted by Federal or State law;

(iii) prohibit the disclosure of personally identifiable information except as permitted under section 444 of the General Education Provisions Act and any additional limitations set forth in State law;

(iv) keep an accurate accounting of the date, nature, and purpose of each disclosure of personally identifiable information in any such data system, a description of the information disclosed, and the name and address of the person, agency, institution, or entity to whom the disclosure is made, which accounting shall be made available on request to parents of any student whose information has been disclosed;

(v) notwithstanding section 444 of the General Education Provisions Act, require any non-governmental party obtaining personally identifiable information to sign a data use agreement prior to disclosure that—

(I) prohibits the party from further disclosing the information;

(II) prohibits the party from using the information for any purpose other than the purpose specified in the agreement; and

(III) requires the party to destroy the information when the purpose for which the disclosure was made is accomplished;

(vi) maintain adequate security measures to ensure the confidentiality and integrity of any such data system, such as protecting a student record from identification by a unique identifier;

(vii) where rights are provided to parents under this clause, provide those rights to the student instead of the parent if the student has reached the age of 18 or is enrolled in a postsecondary educational institution; and

(viii) ensure adequate enforcement of the requirements of this paragraph.

(B) USE OF UNIQUE IDENTIFIERS.—It shall be unlawful for any Federal, State, or local governmental agency to—

(i) use the unique identifiers employed in such data systems for any purpose other than as authorized by Federal or State law; or

(ii) deny any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose the individual's unique identifier.

(d) REPORT.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives an annual report on the amounts awarded to entities receiving grants or contracts under this section, and the activities carried out by such entities under such grants and contracts.

The CHAIR. No amendment to the committee amendment is in order except those printed in House Report 111–256. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. GEORGE MILLER OF CALIFORNIA

The CHAIR. It is now in order to consider amendment No. 1 printed in House Report 111–256.

Mr. GEORGE MILLER of California. I have a manager's amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. GEORGE MILLER of California:

Page 11, after line 21, insert the following new subsection (and redesignate the succeeding subsection accordingly):

(b) MULTIPLE PELL GRANT AWARDS.—Section 401(b)(5) (20 U.S.C. 1070a(b)(5)) is amended—

(1) in subparagraph (A)—

(A) by inserting ''who is making satisfactory academic progress according to the institution's standards'' after ''award a student''; and

(B) by striking ''to permit such student to accelerate the student's progress toward a degree or certificate'' and inserting ''to permit such student to accelerate the student's graduation date, whether making full- or part-time progress toward a degree or certificate,''; and

(2) by adding at the end the following new subparagraph:

''(C) A student may not receive a combination of first and second scheduled award funds under this paragraph that exceeds the amount the student would otherwise be eligible to receive for the payment period.''.

Page 11, line 22, redesignate subsection (b) as subsection (c).

Page 13, line 10, redesignate subsection (c) as subsection (d).

Page 13, line 11, strike ''(a) and (b)'' and insert ''(a) and (c)''.

Page 12, line 17, strike ''483(e)(3)(ii)'' and insert ''483(e)(3)(A)(ii)''.

Page 15, line 8, strike the quotation marks and the second period.

Page 15, after line 8, insert the following:

''(3) EXPIRATION OF AUTHORITY.—The authority to award grants under this part shall expire at the end of fiscal year 2014.''.

Page 19, line 6, strike ''two-year and four-year'' and insert ''public two-year and public four-year''.

Page 19, line 10, insert ''in consultation with faculty from participating institutions'' after ''institutions''.

Page 21, line 4, strike ''polices'' and insert ''practices''.

Page 21, lines 7 through 9, strike ''for all categories'' and all that follows through ''in the State''.

Page 21, line 13, insert ''and'' after the semicolon.

Page 21, beginning on line 14, strike clause (iv).

Page 21, line 20, strike ''(v)'' and insert ''(iv)''.

Page 23, beginning on line 5, strike paragraph (3) and insert the following:

''(3) SUBGRANTS TO NONPROFIT ORGANIZATIONS.—

''(A) IN GENERAL.—A State receiving a payment under this section may elect to make a subgrant to one or more nonprofit organizations in the State, or a partnership of such organizations, to carry out activities and services described in subsection (d)(1), if the nonprofit organization or partnership—

''(i) was in existence on the day before the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009; and

''(ii) as of such day, was participating in activities and services related to promoting persistence in, and completion of, postsecondary education, such as the activities and services described in subsection (d)(1).

''(B) NONPROFIT ORGANIZATIONS.—For the purposes of this section, nonprofit organizations in a State include—

''(i) agencies with agreements with the Secretary under subsections (b) and (c) of section 428 on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009;

''(ii) nonprofit subsidiaries of agencies described in clause (i), if such subsidiaries were established, pursuant to the law of such State, on or before January 1, 1998; and

''(iii) eligible not-for-profit servicers, as defined in section 456(d), with an agreement with the Secretary under subsection (a)(3) of section 456, except that such a servicer shall only be eligible for a subgrant from the State for which the servicer is receiving an allocation under such agreement.

Page 24, after line 9, insert the following:

''(C) A nonprofit subsidiary of agencies described in subparagraph (B), if such subsidiary was established, pursuant to the law of such State, on or before January 1, 1998.

Page 25, line 3, strike ''and''.

Page 25, after line 5, insert the following:

''(vi) assisting institutions of higher education institute programs of persistence focused on students at risk of not completing; and

Page 25, line 5, before the semicolon insert '', in accordance with such section''.

Page 27, beginning on line 1, strike '', at the appropriate stage of development of the partnership''.

Page 27, line 8, strike ''central labor coalitions'' and insert ''trade unions or consortia of trade unions''.

Page 28, beginning on line 17, strike paragraph (3) and insert the following:

''(3) nonprofit organizations with demonstrated experience in the support, improvement, or operation of programs to increase postsecondary completion, including—

''(A) agencies with agreements with the Secretary under subsections (b) and (c) of section 428 on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009;

''(B) nonprofit subsidiaries of agencies described in subparagraph (A), if such subsidiaries were established, pursuant to State law, on or before January 1, 1998; and

''(C) eligible not-for-profit servicers, as defined in section 456(d), with an agreement with the Secretary under subsection (a)(3) of section 456, except that such a servicer shall only be eligible for a subgrant from the State for which the servicer is receiving an allocation under such agreement;

Page 33, beginning on line 14, strike section 785 and insert the following:

''SEC. 785. PARTICIPATION OF PRIVATE, NONPROFIT INSTITUTIONS OF HIGHER EDUCATION.

''(a) VOLUNTARY PARTICIPATION.—A private, nonprofit institution of higher education may voluntarily elect to participate in a State's efforts under this part to increase postsecondary enrollment, persistence, and completion. A State—

''(1) shall not require any private, nonprofit institution to participate in such efforts; and

''(2) may require such an institution that voluntarily elects to participate in such efforts to provide appropriate information to allow the State to assess the institution's progress towards the goals described in subclauses (I) and (II) of section 782(c)(2)(A)(i).

''(b) RULE OF CONSTRUCTION.—Nothing in this part, including voluntary participation described in subsection (a), shall be construed to—

''(1) authorize the Secretary, a State, or an officer or employee of the Department or of a State to exercise any direction, supervision, or control other than that is currently granted over a private, nonprofit institution of higher education, including control over curriculum, program of instruction, administration, governance, personnel, articulation, the awarding of credit, graduation or degree requirements, or admissions;

''(2) authorize the Secretary, a State, or an officer or employee of the Department or of a State to require a private, nonprofit institution of higher education to participate in a longitudinal data system; or

''(3) limit the application of the General Education Provisions Act.

''(c) ENFORCEMENT.—If any State fails or refuses to comply with any provision of this section, the State shall no longer be eligible for assistance under this part.''.

Page 36, line 21, strike ''2019.'' and insert ''2019. The authority to award grants under this section shall expire at the end of fiscal year 2019.''.

Page 38, line 4, insert a period after ''318(e)''.

Page 38, line 25, insert a period after ''such section''.

Page 39, line 8, after the period insert ''The authority to award grants under part N of title VIII of such Act shall expire at the end of fiscal year 2010.''.

Page 40, beginning on line 13, strike ''awarded to the student under'' and insert ''first disbursed to the student before July 1, 2010, under''.

Page 41, line 3, strike ''awarded'' and insert ''disbursed''.

Page 41, strike lines 4 through 9 and insert ''student under part D (including a Federal Direct PLUS loan disbursed to a parent on behalf of the student), or first disbursed to the student under part E before July 1, 2010, for such payment period or period of enrollment; minus''.

Page 43, line 16, strike ''when such student returns from such service'' and insert ''upon termination of the deployment of such student for such service''.

Page 43, beginning on line 17, amend section 106 to read as follows:

SEC. 106. VETERANS RESOURCE OFFICER GRANTS.

Section 873 (20 U.S.C. 1161t) is amended—

(1) by amending the header to read as follows: ''**MODEL PROGRAMS FOR CENTERS OF EXCELLENCE FOR VETERAN STUDENT SUCCESS; VETERANS RESOURCE OFFICERS**'';

(2) in subsection (a), by inserting '', or the hiring of Veterans Resource Officers,'' after ''model programs'';

(3) by amending subsection (b) to read as follows:

''(b) GRANT AUTHORIZED.—

''(1) IN GENERAL.—Subject to the availability of appropriations under subsection (f), the Secretary shall award grants to institutions of higher education to—

''(A) develop model programs to support veteran student success in postsecondary education; or

''(B) hire a Veterans Resource Officer to increase the college completion rates for veteran students enrolled at such institutions of higher education.

''(2) GRANT PERIOD.—A grant awarded under this section shall be awarded for a period of 3 years.''; and

(4) in subsection (c)—

(A) in paragraph (1)—

(i) by amending the header to read as follows: ''MODEL PROGRAM REQUIRED ACTIVITIES''; and

(ii) in the matter preceding subparagraph (A), by striking ''under this section'' and inserting ''for the purpose described in subsection (b)(1)(A)'';

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

''(2) VETERANS RESOURCE OFFICER REQUIRED ACTIVITIES.—An institution of higher education receiving a grant for the purpose described in subsection (b)(1)(B) shall use such grant to hire a Veterans Resource Officer whose duties shall include—

''(A) serving as a liaison between—

''(i) veteran students;

''(ii) the faculty and staff of the institution; and

''(iii) local facilities of the Department of Veterans Affairs;

''(B) organizing and advising veteran student organizations and hosting veterans-oriented group functions on campus;

''(C) distributing news and information to all veteran students, including through maintaining newsletters and listserves; and

''(D) assisting in the training of Department of Veterans Affairs certifying officials, when applicable.''.

Page 47, after line 6, insert the following new sections:

SEC. 107. OFFICER DANIEL FAULKNER CHILDREN OF FALLEN HEROES SCHOLARSHIP.

(a) SHORT TITLE.—This section may be cited as the ''Officer Daniel Faulkner Children of Fallen Heroes Scholarship Act of 2009''.

(b) CALCULATION OF ELIGIBILITY.—Section 473(b) (20 U.S.C. 1087mm(b)(2)) is amended—

(1) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by inserting ''(in the case of a student who meets the requirement of subparagraph (B)(i)), or academic year 2010–2011 (in the case of a student who meets the requirement of subparagraph (B)(ii)),'' after ''academic year 2009–2010''; and

(B) by amending subparagraph (B) to read as follows:

''(B) whose parent or guardian was—

''(i) a member of the Armed Forces of the United States and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001; or

''(ii) was actively serving as a public safety officer and died in the line of duty while performing as a public safety officer; and'';

(2) in paragraph (3)—

(A) by striking ''Notwithstanding'' and inserting the following:

''(A) ARMED FORCES.—Notwithstanding'';

(B) by striking ''paragraph (2)'' and inserting ''subparagraphs (A), (B)(i), and (C) of paragraph (2)''; and

(C) by adding at the end the following:

''(B) PUBLIC SAFETY OFFICERS.—Notwithstanding any other provision of law, unless the Secretary establishes an alternate method to adjust the expected family contribution, a financial aid administrator shall adjust the expected family contribution in accordance with this subsection for each student who meets the requirements of subparagraphs (A), (B)(ii), and (C) of paragraph (2).''; and

(3) by adding at the end the following:

''(4) TREATMENT OF PELL AMOUNT.—Notwithstanding section 1212 of the Omnibus Crime Control and Safe Streets Act of 1968, in the case of a student who receives an increased Federal Pell Grant amount under this section, the total amount of such Federal Pell Grant, including the increase under subparagraph (A), shall not be considered in calculating that student's educational assistance benefits under the Public Safety Officer's Benefits program.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) the term 'public safety officer' means an individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, as a firefighter, or as a member of a rescue squad or ambulance crew;

''(B) the term 'law enforcement officer' means an individual who—

''(i) is authorized by law to engage in or supervise the prevention, detection, investigation, or prosecution of, or the incarceration of any person for, any violation of law; and

''(ii) has statutory powers of arrest or apprehension;

''(C) the term 'firefighter' means an individual who is trained in the suppression of fire or hazardous-materials response and has the legal authority to engage in these duties;

''(D) the term 'member of a rescue squad or ambulance crew' means an individual who is an officially recognized or designated public employee member of a rescue squad or ambulance crew; and

''(E) the term 'public agency' means the United States, any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Commonwealth of the Northern Mariana Islands, any territory or possession of the United States, or any unit of local government, department, agency, or instrumentality of any of the foregoing, and the Amtrak Police and Federal Reserve Police departments.''.

SEC. 108. TEACHER EXCELLENCE.

(a) ESTABLISHMENT.—The Secretary of Education may make grants to local educational agencies for the purpose of improving teacher excellence in public elementary and secondary schools.

(b) USE OF FUNDS.—Grants under this section shall be used for the establishment, expansion, or improvement of—

(1) professional development activities that are aligned to the curriculum and student academic needs;

(2) mentoring and induction programs for new teachers and principals; or

(3) career ladders that allow teachers to take on new professional roles, such as career teachers, mentor teachers, and master teachers.

(c) APPLICATION.—A local educational agency desiring a grant under this section shall submit to the Secretary of Education an application at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2010 and each of the 5 succeeding fiscal years.

Page 48, lines 1 and 2, strike ''Grant, a Federal Direct Stafford Loan, or work assistance under'' and insert ''Grant or a Federal Direct Stafford Loan under''.

Page 50, line 20, insert a period after ''section 480)''.

Page 57, line 2, insert ''the'' after ''enactment of''.

Page 59, line 16, through page 60, line 3, strike paragraph (1) and insert the following:

(1) in subsection (a)(4)(A), by inserting '', and first disbursed before July 1, 2010'' after ''under this part'';

Page 62, line 7, strike the comma after ''2010''.

Page 62, line 3, strike the comma after ''428C''.

Page 65, line 7, strike ''; and'' and insert ''; or''.

Page 65, line 15, after ''loan'' insert ''(or, if the holder acts as eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan),''.

Page 65, line 23, through page 66, line 13, strike subclause (III) and insert the following:

''(III) TERMS OF WAIVER.—

''(aa) IN GENERAL.—A waiver pursuant to subclause (II)(bb) shall be in a form (printed or electronic) prescribed by the Secretary, and shall be applicable to—

''(AA) all loans described in such subclause that the lender holds solely in its own right under any lender identification number associated with the holder (pursuant to section 487B);

''(BB) all loans described in such subclause for which the beneficial owner has the authority to make an election of a waiver under such subclause, regardless of the lender identification number associated with the loan or the lender that holds the loan as eligible lender trustee on behalf of such beneficial owner; and

''(CC) all future calculations of the special allowance on loans that, on the date of such waiver, are loans described in subitem (AA) or (BB), or that, after such date, become loans described in subitem (AA) or (BB).

''(bb) EXCEPTIONS.—Any waiver pursuant to subclause (II)(bb) that is elected for loans described in subitem (AA) or (BB) of item (aa) shall not apply to any loan described in such subitem for which the lender or beneficial owner of the loan demonstrates to the satisfaction of the Secretary that—

''(AA) in accordance with an agreement entered into before the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009 by which such lender or owner is governed and that applies to such loans, such lender or owner is not legally permitted to make an election of such waiver with respect to such loans without the approval of one or more third parties with an interest in the loans, and that the lender or owner followed all available options under such agreement to obtain such approval, and was unable to do so; or

''(BB) such lender or beneficial owner presented the proposal of electing such a waiver applicable to such loans associated with an obligation rated by a nationally recognized statistical rating organization (as defined in section 3(a)(62) of the Securities Exchange Act of 1934), and such rating organization provided a written opinion that the agency would downgrade the rating applicable to such obligation if the lender or owner elected such a waiver.''.

Page 66, line 18, after ''any loan'' insert ''in which the Secretary has purchased a participation interest and''.

Page 66, beginning on line 21, strike ''and that is held'' and all that follows through ''the Secretary'' on line 23.

Page 69, beginning on line 15, strike paragraph (2) and insert the following:

(2) EFFECTIVE DATE.—The amendments made by subparagraph (C) of paragraph (1) shall be effective as if enacted as part of section 102(a)(1) of the Higher Education Opportunity Act, in accordance with section 102(e) of such Act, as amended by section 101(a)(2) of Public Law 111–39.

Page 71, line 24, insert ''located in the United States'' before ''at which''.

Page 72, line 7, insert ''(employed in the United States)'' after ''employees''.

Page 72, line 20, after ''2009,'' insert ''nonprofit subsidiaries of such an agency,''.

Page 72, line 21, after ''agencies'' insert '', subsidiaries,''.

Page 72, line 24, after ''agencies'' insert '', subsidiaries,''.

Page 73, line 5, strike ''State agencies, and'' and insert ''agencies, subsidiaries, and''.

Page 73, line 9, strike ''State agencies and'' and insert ''such agencies, subsidiaries, and''.

Page 73, line 10, strike ''such''.

Page 74, line 1, strike ''one or more'' and insert ''at least one''.

Page 74, strike ''may take'' on line 12 through ''the servicer.'' on line 13, and insert ''shall set such rate so that (i) the rate is commercially reasonable in relation to the volume of loans being serviced by the eligible not-for-profit servicers, and (ii) in the Secretary's judgment, the eligible not-for-profit servicers can reasonably provide any additional services, such as default aversion or outreach, provided for in the contracts awarded under this paragraph.''.

Page 74, beginning on line 22, strike ''on an annual basis'' and insert ''each year''.

Page 75, line 13, strike ''on an annual basis'' and insert ''each year''.

Page 76, beginning on line 9, strike subparagraph (C) and insert the following:

''(C) LOAN SERVICING RETENTION.—

''(i) IN GENERAL.—In addition to any new loans allocated to a servicers under subparagraph (B)(ii), an eligible not-for-profit servicer shall retain the servicing of loans allocated to such servicer in previous years, except as provided in clause (ii), or as otherwise provided for in accordance with the terms of a contract under this paragraph.

''(ii) TRANSFERS FOR MULTIPLE LOANS.—Notwithstanding clause (i) and the allocations required by subparagraph (B), the Secretary may transfer loans among servicers who are awarded contracts to service loans pursuant to this section to ensure that the loans of any single borrower remain with a single servicer.

Page 76, line 17, strike ''3 years'' and insert ''5 years''.

Page 77, beginning on line 14, strike '', including due diligence activities required pursuant to regulations''.

Page 77, beginning on line 16, strike paragraph (2) and insert the following:

''(2) ELIGIBLE NOT-FOR-PROFIT SERVICER.—

''(A) IN GENERAL.—The term 'eligible not-for-profit servicer' means an entity—

''(i) that is not owned or controlled in whole or in part by—

''(I) a for profit entity; or

''(II) a nonprofit entity having its principal place of business in another State; and

''(ii) that—

''(I) as of July 1, 2009—

''(aa) meets the definition of an eligible not-for-profit holder under section 435(p), except that such term does not include eligible lenders described in paragraph (1)(D) of such section; and

''(bb) was performing, or had entered into a contract with a third party servicer (as such term is defined in section 481(c)) who was performing, student loan servicing functions for loans made under part B of this title;

''(II) notwithstanding subclause (I), as of July 1, 2009—

''(aa) is the sole beneficial owner of a loan for which the special allowance rate is calculated under section 438(b)(2)(I)(vi)(II) because the loan is held by an eligible lender trustee that is an eligible not-for-profit holder as defined under section 435(p)(1)(D); and

''(bb) was performing, or had entered into a contract with a third party servicer (as such term is defined in section 481(c)) who was performing, student loan servicing functions for loans made under part B of this title; or

''(III) is an affiliated entity of an eligible not-for-profit servicer described in subclause (I) or (II) that—

''(aa) directly employs, or will directly employ (on or before the date the entity begins servicing loans under a contract awarded by the Secretary pursuant to subsection (a)(3)(A)), the majority of individuals who perform borrower-specific student loan servicing functions; and

''(bb) as of July 1, 2009, was performing, or had entered into a contract with a third party servicer (as such term is defined in section 481(c)) who was performing, student loan servicing functions for loans made under part B of this title.

''(B) AFFILIATED ENTITY.—For the purposes of subparagraph (A), the term 'affiliated entity'—

''(i) means an entity contracted to perform services for an eligible not-for-profit servicer that—

''(I) is a nonprofit entity or is wholly owned by a nonprofit entity; and

''(II) is not owned or controlled, in whole or in part, by—

''(aa) a for-profit entity; or

''(bb) an entity having its principal place of business in another State; and

''(ii) may include an affiliated entity that is established by an eligible not-for-profit servicer after the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, if such affiliated entity is otherwise described in subparagraph (A)(ii)(III) and clause (i) of this subparagraph.

Page 80, after line 22, insert the following new section:

SEC. 216. TECHNICAL ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION.

Section 458(a) (20 U.S.C. 1087h(a)) is amended—

(1) by redesignating paragraph (5) as paragraph (6); and

(2) by inserting after paragraph (4) the following new paragraph:

''(5) TECHNICAL ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION.—

''(A) PROVISION OF ASSISTANCE.—The Secretary shall provide institutions of higher education participating, or seeking to participate, in the loan programs under this part with technical assistance in establishing and administering such programs, including assistance for an institution of higher education during such institution's transition into such programs. Such assistance may include technical support, training for personnel, customized assistance to individual institutions of higher education, development of informational materials, and

other services the Secretary determines to be appropriate.

''(B) FUNDS.—There are—

''(i) authorized to be appropriated, and there are appropriated, to carry out this paragraph (in addition to any other amounts appropriated to carry out this subparagraph and out of any money in the Treasury not otherwise appropriated), $50,000,000 for fiscal year 2010; and

''(ii) authorized to be appropriated such sums as may be necessary to carry out this paragraph for fiscal years 2011 through 2014.''.

Page 84, line 8, insert ''(except as provided in paragraphs (3) and (4))'' after ''as follows''.

Page 85, after line 12, insert the following new paragraphs:

''(3) REQUIRED MINIMUM AMOUNT.—Notwithstanding paragraph (1), in no case shall the sum of a participating institution's allocation of loan authority computed under subsections (c), (d), and (e) be less than the average of the institution's total principal amount of loans made under this part for each of the academic years 2003–2004 through 2007–2008.

''(4) ADDITIONAL ADJUSTMENTS.—If the Secretary determines that the sum of a participating institution's allocation of loan authority under subsections (c), (d), and (e) is below the minimum amount required under paragraph (3), the Secretary shall—

''(A) for each institution for which the minimum amount under paragraph (3) is not satisfied, increase the amount of such sum to the amount of the required minimum under such paragraph; and

''(B) ratably reduce the amount of the sum of such loan authority of all participating institutions not described in subparagraph (A).

Page 87, beginning on line 20, strike paragraph (3).

Page 88, beginning on line 1, strike paragraph (4).

Page 96, line 14, insert ''in'' after ''specified''.

Page 97, line 8, strike ''(a)''.

Page 105, line 2, strike the period after the second semicolon and insert ''and''.

Page 105, strike lines 3 through 20, and insert the following:

(3) in paragraph (2), by adding at the end the following new subparagraph:

''(C) EXCEPTION.—Notwithstanding subparagraphs (A) and (B), an institution that fails to meet the requirements of subsection (a)(24) for two consecutive institutional fiscal years, and the second such institutional fiscal year ends after July 1, 2008, and before July 1, 2011, shall not be determined ineligible in accordance with subparagraph (A) unless the institution fails to meet the requirements of subsection (a)(24) for a third consecutive institutional fiscal year.''.

Page 111, line 22, insert '', including lifecycle cost effectiveness,'' before ''and waste''.

Page 117, beginning on line 7 strike ''including, where applicable, early learning facilities, based'' and insert ''(including early learning facilities, as appropriate), based''.

Page 122, line 11, insert ''(including early learning facilities, as appropriate)'' after ''facilities''.

Page 131, after line 7, insert the following:

(d) TERMINATION.—The authority to establish and maintain the Advisory Council under this section shall expire at the close of September 30, 2011.

Page 132, after line 6, insert the following:

(d) SUNSET.—The authority to award grants under this subtitle shall expire at the end of fiscal year 2011.

Page 138, after line 8, insert the following:

''(K) Expansion or building of computer lab facilities, including facilities used to provide information technology training to students and members of the public.''.

Page 138, line 9, redesignate subparagraph (K) as subparagraph (L).

Page 138, line 12, redesignate subparagraph (L) as subparagraph (M).

Page 141, line 1, strike ''(f)'' and insert ''(e)''.

Page 141, line 16, strike ''(g)'' and insert ''(f)''.

Page 141, line 21, strike ''(h)'' and insert ''(g)''.

Page 143, line 10, strike ''(i)'' and insert ''(h)''.

Page 143, strike line 15, and insert the following: ''year 2010, which shall remain available until expended. The authority to award grants under this section shall expire at the end of fiscal year 2010.''.

Page 144, line 7, strike '', and improve'' and insert ''and''.

Page 146, line 8, after ''children'' insert '', including programs receiving funds under section 611(h)(4) and 643(b) of the Individuals with Disabilities Education Act (20 U.S.C. 1411(h)(4); 1443(b))''.

Page 146, beginning on line 23, strike ''determined by the Secretary to qualify for receipt of'' and insert ''with an approved application for''.

Page 148, line 10, after the semicolon, insert ''and''.

Page 148, strike lines 11 through 14.

Page 148, line 15, strike ''(3)'' and insert ''(2)''.

Page 151, line 18, strike ''and'' at the end.

Page 151, line 22, strike the period at the end and insert ''; and''.

Page 151, after line 22, insert the following:

(E) committing State resources for supporting early learning programs and services.

Page 154, line 24, strike '', as appropriate,''.

Page 154, line 25, after ''standards'' insert '', as appropriate,''.

Page 156, line 3, after ''including'' insert ''the''.

Page 156, line 6, strike ''providers'' and insert ''early learning programs''.

Page 157, line 22, before ''program'' insert ''early learning''.

Page 158, line 1, before ''disability,'' insert ''dental, developmental delay and''.

Page 161, after line 20, insert the following:

(14) A description of how the State will implement a process for improving the quality of early learning services to better meet the needs of children who have experienced abuse or neglect, been exposed to violence, toxic stress, parental substance abuse, mental illness, or homelessness, or have had early behavioral and peer relationship problems, including addressing appropriate professional development, programmatic practices, classroom environment, and outreach and support to meet the needs of such children.

Page 161, line 21, redesignate paragraph (14) as paragraph (15).

Page 165, line 5, insert ''early learning'' before ''program''.

Page 165, line 13, before ''disability,'' insert ''dental, developmental delay and''.

Page 167, line 5, strike ''services,'' and insert ''services (or, if the State can demonstrate that it is already meeting the needs of such children in such manner, the State may apply to expand access for disadvantaged children in such manner and the State's application may not be adversely treated due to such request),''.

Page 168, line 16, strike ''to'' and insert ''that''.

Page 168, line 18, strike ''allow a State to become eligible and competitive'' and insert ''improve a State's competitiveness''.

Page 171, line 24, strike ''could include determining'' and insert ''may include''.

Page 172, line 1, after ''(i)'' insert ''examining''.

Page 172, line 4, after ''(ii)'' insert ''examining''.

Page 172, line 6, after ''(iii)'' insert ''examining''.

Page 172, line 9, after ''(iv)'' insert ''examining''.

Page 172, line 12, after ''(v)'' insert ''examining''.

Page 172, line 14, strike ''and'' at the end.

Page 172, line 15, after ''(vi)'' insert ''examining''.

Page 172, after line 20, insert the following:

(vii) Supporting the development of valid and reliable assessments of young children and program quality, including in domains including language, literacy, mathematics, science, social and emotional development, and approaches to learning, with particular attention to development of assessments of domains for which there are few appropriate assessments, that are—

(I) developmentally, linguistically, and culturally appropriate for the population served, including children with disabilities and children with limited English proficiency;

(II) consistent with relevant, nationally recognized professional and technical standards related to the assessment of young children;

(III) consistent with the guidelines on assessment for improved practice and for accountability in the National Research Council Committee on Developmental Outcomes and Assessments for Young Children; and

Beginning on page 172, strike line 23 through page 173, line 6, and insert the following:

(4) Not later than 18 months after the date of the enactment of this Act, conducting a review of the statewide strategic reports developed by the State Advisory Councils on Early Care and Education (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))) and other relevant information (including information reported by States under section 406(b)(9)) to evaluate barriers to increasing access to high-quality early learning programs for low-income children, reporting on the findings of such review, and disseminating relevant findings and best practices.

Page 174, line 12, before ''progress'' insert ''State's''.

Page 174, line 24, strike ''providers'' and insert ''early learning programs''.

Page 175, line 1, strike ''providers'' and insert ''early learning programs''.

Page 175, line 7, strike ''proficient'' and insert ''proficiency''.

Page 175, line 10, after ''providers'' insert ''and early learning programs''.

Page 175, line 18, strike ''appropriate''.

Page 177, line 19, after ''2017.'' insert ''The authority to award grants under this title shall expire at the end of fiscal year 2017.''.

Page 178, line 4, after ''2019.'' insert ''The authority to award grants under this title shall expire at the end of fiscal year 2019.''.

Page 179, strike line 7, and insert ''In this title:''.

Page 179, line 20, insert ''that has at least one articulation agreement with a 4-year institution of higher education'' after ''district''.

Page 179, line 22, insert ''that has at least one articulation agreement with an institution of higher education'' after ''school''.

Page 180, after line 6, insert the following:

(D) a Tribal College or University;

Page 180, line 7, strike ''(D)'' and insert ''(E)''.

Page 180, lines 9 and 10, strike ''or (C)'' and insert ''(C), or (D)''.

Page 180, line 11, strike ''(E)'' and insert ''(F)''.

Page 180, beginning on line 15, strike clause (ii) and insert the following:

(ii) has established and implemented a comprehensive articulation agreement between or among public institutions of higher education in the State that includes outlining the acceptability of community college courses in transfer for credit at public 4-year institutions in the State; and

Page 180, line 20, strike ''or (D); or'' and insert ''(D), or (E);''.

Page 180, line 21, strike ''(F)'' and insert ''(G)''

Page 180, line 22, strike ''(E).'' and insert ''(F); or''.

Page 180, after line 22, insert the following:

(H) at the discretion of the Secretary, a private, not-for-profit, 2-year institution of higher education in Puerto Rico, the District of Columbia, Guam, the United States Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

Page 182, after line 6, insert the following:

(12) TRIBAL COLLEGE OR UNIVERSITY.—The term ''Tribal College or University'' has the meaning given such term in section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059c).

Page 182, beginning on line 7, strike subsection (b).

Page 183, line 8, strike ''(D)'' and insert ''(E)''.

Page 184, line 9, after ''same'' insert ''specific''.

Page 184, line 10, after ''Federal'' insert ''grant''.

Page 185, line 20, strike ''or''.

Page 185, line 24, strike the period and insert ''; or''.

Page 185, after line 24, insert the following:

(3) are focused on serving low-income, nontraditional students (as defined in section 803(j) of the Higher Education Act of 1965 (20 U.S.C. 1161c(j))), who do not have a bachelor's degree.

Page 187, after line 6, insert the following:

(4) EXCEPTION.—This subsection shall not apply to Tribal Colleges and Universities.

Page 188, line 19, strike ''and'' after the semicolon.

Page 188, line 22, strike the period and insert ''; and''.

Page 188, after line 22, insert the following:

(10) how the eligible entity will incorporate and support faculty and staff of the institution in meeting the goals of such programs, services, and policies.

Page 189, line 6, strike ''(D)'' and insert ''(E)''.

Page 190, line 3, strike ''and''.

Page 190, line 6, strike the period and insert ''; and''.

Page 190, after line 6, insert the following:

(D) library services, including information literacy activities, to—

(i) help increase postsecondary degree, certificate, and industry-recognized credential completion rates, particularly with respect to groups underrepresented in higher education; and

(ii) assist individuals with obtaining and retaining employment.

Page 190, line 11, insert '', information literacy,'' after ''skills''.

Page 191, line 5, strike ''(D)'' and insert ''(E)''.

Page 191, line 13, strike ''(D)'' and insert ''(E)''.

Page 191, beginning on line 17, strike ''Improving the timeliness of the process for creating'' and insert ''Creating, in a timely and efficient manner,''.

Page 191, line 20, strike ''(D)'' and insert ''(E)''.

Page 192, after line 2, insert the following:

''(8) Providing information technology training for students and members of the public seeking to improve their computer literacy and information technology skills through public accessibility to—

''(A) community college computer labs; and

''(B) information technology training provided on weeknights and weekends by an employee of a community college who is capable of basic computer instruction.''.

Page 192, lines 6 and 7, strike ''applicable)'' and insert ''applicable to the institution's use of funds provided under this section)''.

Page 196, line 5, strike ''subsection (e)'' and insert ''subsection (f)''.

Page 196, beginning on line 25, strike ''subsection (g)'' and insert ''subsection (h)''.

Page 197, after line 3, insert the following:

(d) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications focused on serving low-income, nontraditional students (as defined in section 803(j) of the Higher Education Act of 1965 (20 U.S.C. 1161c(j))), who do not have a bachelor's degree.

Page 197, line 4, redesignate subsection (d) as subsection (e).

Page 197, line 9, strike ''subsection (f)'' and insert ''subsection (g)''.

Page 197, line 14, strike ''subsection (f)'' and insert ''subsection (g)''.

Page 198, line 7, redesignate subsection (e) as subsection (f).

Page 198, line 13, strike ''subsection (f)'' and insert ''subsection (g)''.

Page 198, line 23, strike ''subsection (g)'' and insert ''subsection (h)''.

Page 199, line 20, redesignate subsection (f) as subsection (g).

Page 200, line 4, redesignate subsection (g) as subsection (h).

Page 200, line 8, strike ''section 503(f)(1)'' and insert ''section 503(g)(1)''.

Page 200, line 13, redesignate subsection (h) as subsection (i).

Page 200, line 22, strike ''subsection (g)'' and insert ''subsection (h)''.

Page 201, line 6, redesignate subsection (i) as subsection (k).

Page 201, line 15, strike ''will'' and insert ''should''.

Page 201, line 18, strike ''will'' and insert ''should''.

Page 202, beginning on line 2, strike ''training, high school courses, and postsecondary education courses'' and insert ''courses, including instructional materials, for training and postsecondary education readiness and success''.

Page 203, line 9, insert ''faculty,'' after ''students,''.

Page 209, after line 2, insert the following:

(d) EVALUATION.—From the amounts appropriated to carry out this section, the Secretary shall, not later than 30 days after the date of the enactment of this Act, allocate not less than $1,000,000 for the contract with, and report by, the National Research Council required under section 1107(c)(2) of the Higher Education Opportunity Act (Public Law 110–315).

(e) MODEL TO DETERMINE CREDIT TRANSFERABILITY.—From the amounts appropriated to carry out this section, the Secretary may develop a model, which leverages existing technologies if appropriate, of a service that enables students to determine the transferability of credits between institutions of higher education voluntarily participating in such service.

Page 209, line 3, redesignate subsection (d) as subsection (f).

Conform the Table of Contents accordingly.

The CHAIR. Pursuant to House Resolution 746, the gentleman from California (Mr. GEORGE MILLER) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from California.

Mr. GEORGE MILLER of California. Madam Chair, I yield 2 minutes to the gentleman from American Samoa (Mr. FALEOMAVAEGA).

(Mr. FALEOMAVAEGA asked and was given permission to revise and extend his remarks.)

Mr. FALEOMAVAEGA. Madam Chair, I rise today in strong support of H.R. 3221, the Student Aid and Fiscal Responsibility Act of 2009. I especially want to thank Chairman MILLER; the ranking member, Mr. KLINE; and members of the House Education and Labor Committee for producing this important bill to reform the student loan program, provide modernization, renovation and repair of public school facilities, enhance early learning and strengthen our Nation's community colleges.

I also want to commend the chairman of the Higher Education Subcommittee, the gentleman from Texas, Mr. RUBÉN HINOJOSA, for his leadership and efforts in bringing this legislation to the floor.

Madam Chair, this bill provides many benefits to our schools and families across the United States. Especially in these dire economic times, H.R. 3221 provides much-needed assistance, not only to make education more affordable and accessible, but also assist us to increase the number of degrees and certificate completion rates.

Madam Chair, I want to thank the authors and sponsors, especially for recognizing the value of community colleges throughout our Nation. This legislation gives authorization to the Secretary of Education to award grants to States and territories for the construction of new community college facilities and for the modernization, renovation and improvement of existing facilities.

This is a fantastic bill, and I urge my colleagues to support this legislation.

Mr. KLINE of Minnesota. Madam Chair, I rise in opposition to the amendment.

The CHAIR. The gentleman from Minnesota is recognized for 10 minutes.

Mr. KLINE of Minnesota. Madam Chair, I have got to admit that this manager's amendment does make some helpful changes, and I appreciate that. However, it fails to address the fundamental flaws with the underlying bill, and for that reason I must oppose it.

I do appreciate Chairman MILLER's willingness to incorporate some modest bipartisan changes. For example, Mr. PLATTS' amendment to assist the children of fallen public safety officers.

And despite these improvements, the bill still imposes a heavy cost on Americans today and in the future. It will cost students and schools the benefits of choice, competition and innovation. It will cost our workforce tens of thousands of jobs, including over 600 jobs in my home State of Minnesota and over 1,000 jobs in Chairman MILLER's home State of California.

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It could cost taxpayers billions of dollars and increased deficit spending.

So, despite the important improvements that the manager's amendment makes, I am still unable to support this amendment.

Madam Chair, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Madam Chair, I yield 2 minutes to the gentleman from Connecticut (Mr. LARSON), the distinguished Caucus Chair.

Mr. LARSON of Connecticut. I thank Chairman MILLER for yielding.

Madam Chair, expanding access to an affordable college education and job training is one of the surest ways we can build a stronger and more competitive American economy for years to come.

The Student Aid and Fiscal Responsibility Act of 2009 is the single largest investment, the single largest investment, in aid to help students and families to pay for college in the history of this country.

I commend Chairman MILLER, the ranking member, and the entire committee, especially in these severe and dire economic times and when there's so much stress on working families, to provide this opportunity to have America resume the preeminent position that it occupies economically, socially, culturally, and militarily in society. This means for Connecticut, as JOE COURTNEY, a member of the committee, reminds us, over 277 million additional dollars in funding for Pell Grants to thousands of Connecticut students.

This bill also includes legislation that I've worked on, and I thank the chairman and the members for including it, the notion of expanding opportunity to our community colleges, to expand their mission, an opportunity to reach out in these economic times for people who seek to retrain themselves and utilize the opportunities that our community colleges represent.

Community colleges reach every corner of this country with over 1,100 in urban, rural, and suburban settings. This is vitally important in this economy and as we face additional global challenges that we are able to retrain our workforce in a manner that allows them to matriculate into the job networks that will be created from the community college effort combining with the entrepreneurial and private sector to create the jobs that we need.

I commend Chairman MILLER for this effort and urge support of this bill.

Mr. KLINE of Minnesota. Madam Chair, at this time, I yield such time as he may consume to the ranking member on the Higher Education Subcommittee, the gentleman from Kentucky (Mr. GUTHRIE).

Mr. GUTHRIE. Madam Chairman, this amendment may do a number of positive things to improve the bill, but at its heart I still have significant concerns.

Specifically, I have concerns about the impact of this bill on the deficit and jobs all across the country. We have heard from the Congressional Budget Office since the introduction of this bill, since the bill was originally scored, that there are a number of hidden costs included. No matter how we look at it, this bill will not save $10 billion over 10 years. In fact, we believe that the cost of this bill is at least $15 billion, a $15 billion cost that will go towards the deficit, not towards deficit reduction.

Finally, I am very concerned about the implication on the unemployment rate in my State. We are federalizing one more private sector program and eliminating all the good work being done throughout the country by the private sector. This could mean as many as 30,000 jobs being lost nationwide, approximately 500 in my State, the Commonwealth of Kentucky, all because we decided to kill this program rather than figure out a viable solution.

The services being provided by guarantee agencies and lenders will not be continued at nearly the same level when these entities are required to enter into contracts with the Federal Government. We have already seen the impact of these contracts. Earlier this year, the Department of Education contracted out the servicing function of the Direct Loan Program for four servicers. The low contract price ensured that most of these servicers will only be able to provide bare-bones compliance with the law, not the robust services that were previously provided by the private sector.

In short, I am very concerned about the true impact of this bill. Unfortunately, we will not recognize the impact until this bill has been implemented, and then it may be too late.

I urge my colleagues to oppose the amendment.

Mr. GEORGE MILLER of California. Madam Chair, I yield 1 minute to the gentleman from Rhode Island (Mr. KENNEDY).

Mr. KENNEDY. Madam Chair, as we know from legislation that this committee worked on many years ago called the Foundations for Learning program as part of the Elementary and Secondary Education Act, social and emotional development are as important as anything in the early part of a child's life. Importantly, in this piece of legislation, we recognize these same important facts, and in this legislation we reflect these findings by acknowledging the importance of intervening early in a child's life who has had domestic violence exposure, has had homelessness exposure, has had their parents exposed to mental illness. Intervention in these children's lives makes an enormous difference in their social/emotional development and in their educational abilities later on in life. For these reasons, I think this is an important piece of legislation that needs to be adopted.

I appreciate the chairman for acknowledging these facts and incorporating this legislation into the body of his bill.

Mr. KLINE of Minnesota. Madam Chair, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Madam Chair, I yield 1 minute to the gentlewoman from California (Ms. WOOLSEY), a member of the committee.

Ms. WOOLSEY. Madam Chair, I rise in strong support of H.R. 3221, the Student Aid and Fiscal Responsibility Act of 2009, because it invests in the future of our Nation, making college a reality for more students by investing in Pell Grants and programs that will ensure improved graduation rates and the renewed investment of our Nation's future.

Creating the American Graduation Initiative was one of the most important parts because it will help community colleges find innovative ways to improve the developmental education and job skills training that so many students and workers need.

In the end, we are investing in our future. Twenty-five percent of our population are the young people of this Nation. One hundred percent of our future is made up of those individuals. With H.R. 3221, we are ensuring that we will have a better future because they will have a better future.

I request that every Member of this Congress vote for our kids and our future.

Mr. KLINE of Minnesota. I continue to reserve the balance of my time.

Mr. GEORGE MILLER of California. Madam Chair, I yield 1 minute to the gentlewoman from Ohio (Ms. SUTTON).

Ms. SUTTON. Madam Chair, I rise in strong support of the Student Aid and Fiscal Responsibility Act, and I want to commend my friend, the chairman, GEORGE MILLER, for his great work and leadership on this and so many issues.

Investing in education is one of the most important things we can do to grow and strengthen our workforce and secure our well-being as a Nation. This bill makes historic investments in our economic future by improving early education opportunities and making college more affordable and all at no taxpayer expense.

The economic downturn has made a growing college affordability crisis worse for America's students and families, but this bill will help our neediest students and their families by increasing the maximum annual Pell Grant scholarship, and it targets $6.8 billion to community colleges, like Lorain County Community College in my district. And this bill transforms the way our student loan programs operate, guaranteeing our students access to low-cost loans irrespective of market fluctuations.

By cutting out the middleman, this legislation will save taxpayers $87 billion over 10 years. It pays for itself with $77 billion and returns $10 billion to deficit reduction.

Mr. KLINE of Minnesota. I continue to reserve the balance of my time.

Mr. GEORGE MILLER of California. Madam Chair, I yield myself the balance of my time.

Madam Chair, just to quickly run through the manager's amendment, in addition to the technical changes, my amendment would also refine provisions regarding grants authorized under title I of the bill. It ensures that services for veterans are coordinated with those existing under current law, and it provides educational financial assistance for children of public safety officers and other first responders killed in the line of duty. It creates a program to promote teacher excellence, and it requires the Secretary to consider a State's financial commitment to early learning when evaluating certain grant renewals and specifies that Tribal Colleges and Universities are eligible to receive American Graduation Initiative grants.

I would urge all the Members to support the manager's amendment.

I would also like to draw attention to one part of this legislation, and that is really the unprecedented $10 billion investment to make community colleges part of our economy's recovery.

For years, business leaders have told us that there weren't enough workers with the knowledge and the expertise for their specific industries. Community colleges do and can play an even more significant role in addressing this shortage. This bill will help us build a 21st century workforce by strengthening partnerships among community colleges, businesses, and job training programs that will align community college curricula with the needs of high-wage, high-demand industries.

It will help provide community colleges with the tools to replicate programs that are successfully educating and training students and workers for these skilled jobs. And it will fulfill an important priority for the business community, which has continually understood the value community colleges have in training highly skilled workers and meeting local employment needs as economies change and move from one kind of economy to another. That's why this historic initiative has strong support from the business community, including the Business Roundtable.

The Business Roundtable recently wrote to me and to the members of the committee, ''On behalf of the Business Roundtable, I want to commend you for inclusion of the Community College Initiative in H.R. 3221. This Community College Initiative and the President's American Graduation Initiative reflect the fact that community colleges have emerged as important institutions where acquiring skills for new jobs and new careers will take place . . . That is why the Community College Initiative is so important. For community colleges to reach their potential and become more effective, they need to increase graduation rates, adopt innovations to help them better serve their customers, and develop partnerships and closer cooperation with the private sector.''

For that reason, they support that provision of the bill, and I'm delighted we worked long and hard on both sides of this committee with the business community to try to develop a program to strengthen our community colleges.

Madam Chair, I yield back the balance of my time.

Mr. KLINE of Minnesota. Madam Chair, I want to thank Chairman MILLER for the improvements that his manager's amendment has made to the bill.

As I stated earlier, the fundamental flaws with this legislation still remain, even though there are parts, which as he correctly stated, that some members of the community certainly support, some members of the business community. Many of us support, for example, Mr. PLATTS' amendment to assist the children of fallen public safety officers, and I'm glad those are included in the manager's amendment. But it doesn't change the fact that the underlying bill is still flawed public policy.

We have heard again and again from speakers tonight that this is going to put money back into the Treasury and reduce the deficit, and yet we have provided information from the Congressional Budget Office that shows that's not the case. This is going to increase the deficit; it's going to increase the debt.

I was staggered the other day, Madam Chair, to look and see that we are now projecting, with the latest numbers from the White House, that within the next 10 years, the national debt will have grown to $21 trillion. And this bill, the underlying bill, adds new programs, programs that will be chronically underfunded, will nevertheless compete for money, will grow that deficit spending. So while I appreciate the improvements that the manager's amendment has made, I still must oppose this.

Madam Chair, I yield back the balance of my time.

□ 1800

The CHAIR. The question is on the amendment offered by the gentleman from California (Mr. GEORGE MILLER).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. HOEKSTRA

The CHAIR. It is now in order to consider amendment No. 2 printed in House Report 111–256.

Mr. HOEKSTRA. Madam Chair, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. HOEKSTRA:

Strike title III of the Bill, and redesignate titles IV and V as titles III and IV, respectively.

Redesignate sections 401 through 409 as sections 301 through 309, respectively.

Redesignate sections 501 through 505 as sections 401 through 405, respectively.

Page 144, line 23, strike ''section 403'' and insert ''section 303''.

Page 145, line 1, strike ''section 404'' and insert ''section 304''.

Page 145, line 4, and page 174, lines 3 and 14, strike ''section 403(c)(3)'' and insert ''section 303(c)(3)''.

Page 145, line 17, and page 174, line 5, strike ''section 405'' and insert ''section 305''.

Page 147, line 4, strike ''404'' and insert ''304''.

Page 148, line 10, strike ''section 403(f)'' and insert ''section 303(f)''.

Page 150, line 15, strike ''section 405(2)'' and insert ''section 305(f)''.

Page 151, lines 4 and 25, page 153, lines 8 and 12, page 162, lines 2 and 17, page 163, line 1, page 166, lines 18 and 23, page 168, lines 4 and 19, and page 175, line 25, strike ''section 402(a)'' and insert ''section 302(a)''.

Page 151, line 21, strike ''section 405(1)'' and insert ''section 305(1)''.

Page 153, line 13, and page 162, line 6, strike ''section 402(d)'' and insert ''section 302(d)''.

Page 168, lines 10, 15, and 21, page 169, line 2, and page 170, line 7, strike ''section 402(b)'' and insert ''section 302(b)''.

Page 168, line 17, strike ''section 402(c)(3)'' and insert ''section 302(c)(3)''.

Page 170, line 11, strike ''section 402(c)(1)'' and insert ''section 302(c)(1)''.

Page 178, line 9, strike ''503'' and insert ''403''.

Page 178, line 12, strike ''504'' and insert ''404''.

Page 178, lines 15 and 18, strike ''section 505'' and insert ''section 405''.

Page 178, beginning on line 20, strike ''sections 503 and 504'' and insert ''sections 403 and 404''.

Page 179, line 3, strike ''sections 503 and 504'' and insert ''sections 403 and 404''.

Page 183, line 8, strike ''section 502(a)(3)'' and insert ''section 402(a)(3)''.

Page 184, line 6, and page 194, line 10, strike ''section 501(b)(1)'' and insert ''section 401(b)(1)''.

Page 188, line 15, strike ''section 505(b)'' and insert ''section 405(b)''.

Page 189, line 6, and page 191, lines 5, 13, and 20, strike ''section 502(a)(3)'' and insert ''section 402(a)(3)''.

Page 196, line 2, and page 200, line 1, strike ''503(i)'' and insert ''403(i)''.

Page 200, line 8, strike ''section 503(f)(1)'' and insert ''section 403(f)(1)''.

Conform the table of contents accordingly.

The CHAIR. Pursuant to House Resolution 746, the gentleman from Michigan (Mr. HOEKSTRA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Michigan.

Mr. HOEKSTRA. Madam Chair, the Student Aid Fiscal Responsibility Act that is in front us today will authorize $6.6 billion in new mandatory taxpayer dollars to create three Federal school construction programs for elementary and secondary schools.

What my amendment will do is strike these new government programs that would nationalize the school construction industry and direct the savings toward deficit reduction.

You know, in the years I have been in Congress, one of the things that we continue to see over the years is the continued expansion of the role of the Federal Government in K–12 education. We saw the most massive expansion in 2001, the passage of No Child Left Behind. No Child Left Behind has left a tremendous number of mandates, increased costs, and little improvement in schools, in children's performance around the country.

Now, rather than giving back and yielding control for our kids' education back to parents, back to local schools and back to States, again, we are having another massive expansion of the Federal Government's involvement in K–12 education, this time in school construction.

I am sure the arguments will be: but we need to help the schools. We need to help the States. We need to build them and give them the money to build new schools.

Excuse me, where does this money come from? Well, some of this money, if not all of it, will be deficit spending which States can't do. But in reality, if it is deficit spending, it is our kids and grandkids that will be paying for it. And if it is money that we collect in taxes, it is going to be money that comes from the States, comes from individuals in our local communities, comes to Washington, and then we will tell them how they can spend it. There are 27, at last count 27, directives as to how States and local school districts will be able to spend their own money.

School districts must ensure that a certain percentage of the school construction materials meet green standards. School districts must compile a report describing the projects funded under the bill and seven other reporting requirements. School districts should educate students about the school construction being constructed at their school. I am assuming if they are going to have to be required to teach their students, there is going to have to be some reporting requirement saying I educated my kids at my school about what this project is about, and they are going to fill it out and send it to the State and send it to Washington.

Meaning that for every construction dollar that we spend, maybe 60–65 cents of it will actually be spent on construction. The other 35 to 40 cents of that dollar will be spent on reporting requirements, applying for it, meeting Federal requirements, and those types of things

This is a bad idea. We will not end up building more schools. We will not end up having more construction; we will have less construction because Federal bureaucracy and Federal bureaucrats will end up siphoning a lot of this money for their purposes to make sure that the local school districts do what Washington bureaucrats want them to do and not what needs to be done in their local school districts.

This is a bad idea. I encourage my colleagues to support this amendment and reduce the deficit, take some of the burden off our kids and grandkids in the future.

I reserve the balance of my time.

Mr. GEORGE MILLER of California. I rise in opposition to the amendment.

The Acting CHAIR (Mr. KISSELL). The gentleman from California is recognized for 5 minutes.

Mr. GEORGE MILLER of California. I yield myself 2 minutes.

What this amendment would do, while the author has talked about a lot of other things he doesn't like in the bill, this amendment would strike the school construction money that is in this legislation for elementary, secondary, and for the community colleges. I think this is a very important part of this legislation. Many, many Members have supported the efforts that we have had before to try to have the Federal Government help local communities address school construction needs.

When we see now that the community colleges are under tremendous pressure because of the economic dislocation from the recession that has taken place and continues to take place in so many communities and so many families, as people are going back to the schools, we recognize the shortage of facilities that are there and what we are saying is this time we will lend a hand to those community colleges and to those K–12, elementary and secondary school districts so that they can modernize their school facilities and make the investments that will save them money.

As we see reports of schools making investments in solar and insulation and energy-efficient buildings, what we see is a dramatic drop in the ongoing operating costs of those schools in terms of the utility bills that are really quite dramatic. We ought to do what we can to facilitate. We have the opportunity with this legislation to help facilitate local school districts meeting that demand.

This also comes at an important time for these local school districts because, as you know, they are under siege from the loss of revenues in many local districts because of the economic downturn. In some cases they have had to postpone these projects even though they are desperately needed. They have had to postpone these modernizations that are desperately needed. And we know the fact that when children have the availability of a clean, well-lit place, modern facilities, they in fact do better in school. It is a statement of values and also a statement about their community and their children. I would hope we would vote against this amendment.

I reserve the balance of my time.

Mr. HOEKSTRA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, Washington has helped enough. My local school districts are saying: Stop, we don't need more of Washington's help. You gave us No Child Left Behind with great fanfare, promises of all of this money, and all we got were rules and regulations which are taking valuable time and resources away from educating our kids and putting it into bureaucracy and trying to follow ill-advised guidelines, mandates, and directives from Washington, D.C.

They say: Stop, we don't need any more of this Washington help where you come into our school districts, where you come into our communities. And if you are going to pay for these bills, which most likely will not be paid for, but if they were, you come into our communities and you extract $6 billion out, and then you force us to apply to get that money back knowing that the money will be appropriated or allocated by who has power in Washington, D.C. and who has the quote/unquote ''most influence'' and it will be distributed unfairly.

They don't need that kind of help anymore where we take their money, allocate it back to them after they have applied for it, tie all sorts of mandates and restrictions to it so we shrink the purchasing power of that dollar. And then we have the Federal Government come in, this wonderful Department of Education come in, and they will audit us to make sure that we spend the money exactly the way they told us to spend it.

That kind of help is no longer helping our kids. It never did help our kids. We are failing our kids with this legislation. We are shrinking the purchasing power of education dollars, not enhancing it. This kind of Washington help needs to stop.

Mr. GEORGE MILLER of California. Mr. Chairman, I yield myself 15 seconds.

We should not punish local school districts or schoolchildren because a Republican President, George Bush, broke his promise to this country, to families, and to students and teachers when he failed to deliver on his promise of 77 billion additional dollars that school districts had to make up while living under No Child Left Behind. Let's not punish our kids today because a President could not keep his promise.

I yield the balance of my time to the gentleman from New York (Mr. BISHOP).

Mr. BISHOP of New York. I rise in opposition to the amendment. Let me make a couple of points.

First, the section that the amendment seeks to strike is essentially a bill passed by the House earlier this year with broad bipartisan support, the 21st Century Green High-Performing Public Schools Facilities Act. It passed with very good bipartisan support. We are seeking simply to fund that bill in part.

It is estimated that the backlog of unmet needs for K–12 educational facilities amounts to some $255 billion. This is a very modest effort on the part of the Federal Government to help local school districts deal with that need.

I was frankly surprised to hear the gentleman from Michigan say that his school districts and his school superintendents are saying enough. I have had the exact opposite experience. I would say that rarely does a week go by that some school superintendent or some school board members do not come to my office seeking Federal help with their facility's needs. Their budgets are strained, particularly in these

tough economic times. They have real bricks-and-mortar needs. They are unable to address them without hurting their academic programs, and they are seeking the help of the Federal Government, quite the contrary to the experience that the gentleman from Michigan has had.

So I urge we reject this amendment, and I would urge that we support the facilities needs of K–12 education as well as our community colleges.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Michigan (Mr. HOEKSTRA).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. HOEKSTRA. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Michigan will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. CARDOZA

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 111–256.

Mr. CARDOZA. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. CARDOZA:

Page 185, line 20, strike ''or''; on line 24, strike the period and insert ''; or''; and after line 24, insert the following new paragraph:

(3) are community colleges located in areas with high unemployment rates.

The Acting CHAIR. Pursuant to House Resolution 746, the gentleman from California (Mr. CARDOZA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. CARDOZA. Mr. Chairman, I yield myself such time as I may consume.

California community colleges recently announced that their enrollment for the 2008–2009 academic year increased at the system's 110 colleges in California by more than 135,000 students. Extremely high unemployment rates and restrictive admissions at the State's 4-year college systems have led to record numbers of students seeking degrees and certificates. This trend in increasing enrollments is being mirrored across our Nation during these tough economic times. While increased enrollments in higher education programs is to be applauded, there is also some concern about our State's ability to manage the impact of enrolling so many new students.

California's community colleges are dealing with nearly $1 billion in cuts as a result of the State's budget crisis this year. The shortfall in funding is placing stress on a system that is already stretched to capacity. H.R. 3221 will provide critical funding opportunities for those very community colleges to better serve their students, filling a funding gap most States are currently unable to meet.

Providing access to affordable higher education, especially at the community college level, is going to be essential to the recovery of congressional districts like mine that have extremely high unemployment rates. As I have said many times, this economic crisis has hit my district particularly hard. In July, the Bureau of Labor Statistics ranked the metropolitan area of Merced, California, with the fourth highest unemployment rate in the Nation at 17.6 percent. Two other metropolitan areas in my district, Modesto and Stockton, had unemployment rates of 16.3 and 16.0 respectively. All three areas are well over the national average unemployment rate of 9.7.

My amendment to H.R. 3221 simply provides community colleges serving in areas with high unemployment rates, higher than the national average like my district, have priority consideration when applying for this grant money. Investing in our community college system, especially the ones in high unemployment areas above the national average, is a critical part of any economic recovery plan; and it will allow our Nation to emerge from this downturn empowered with both the education and workforce skills needed to succeed in the 21st century.

I ask my colleagues on both sides of the aisle to support this commonsense amendment.

□ 1815

I yield to the chairman.

Mr. GEORGE MILLER of California. I thank the gentleman for yielding. I rise in support of his amendment. I think he makes a very important point in terms of the priority that we have to give to those areas that have really received very harsh treatment in this economic dislocation.

We know and we believe and the President has made it clear that community colleges are one of the engines to change those outcomes and to reinvigorate those local economies.

So I strongly support the gentleman's amendment and thank him for offering it.

Mr. CARDOZA. Resuming, Mr. Chair, I would thank the chairman for his work on this bill. It's a fine piece of legislation, and I thank him for supporting my amendment.

Mr. Chairman, as Merced College, Modesto Junior College, and San Joaquin Delta College work hard to retain our workforce and educate the next generation of Americans, they're building a new foundation for hope and prosperity across the country. Investing in these schools and other institutions in these areas suffering from high unemployment rates is critical to the future success of our country. Again, I urge the adoption of my amendment.

I yield back the balance of my time.

Mr. KLINE of Minnesota. Mr. Chairman, I claim time in opposition to the amendment, although I don't oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from Minnesota is recognized for 5 minutes.

There was no objection.

Mr. KLINE of Minnesota. Thank you, Mr. Chairman. I just wanted to take a moment, reflecting on the debate that we just had with Mr. HOEKSTRA's amendment, because it strikes to the underlying bill. And that's the problem here: Not this amendment—the underlying bill.

The chairman of the committee, the distinguished chairman, pointed out that there was a broken promise. And I'm sad to say it was entirely predictable that President Bush would be blamed for breaking a promise. But I would point out that we have had Presidents going back for years and Congresses going back for years and this Congress today that is failing to live up to a promise made many years ago, and that's to provide its share, its full funding of special education under IDEA.

And so whether we're talking about green, high-performing schools as a new program or many of the new programs introduced in this legislation, it seems to me we ought to fulfill that promise first rather than starting new programs which will be chronically underfunded and will be competing for that essential funding under IDEA.

So, again, the problem here is not this amendment. I'm going to support this amendment. It's the underlying bill.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from California (Mr. CARDOZA).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MRS. MCMORRIS RODGERS

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 111–256.

Mrs. MCMORRIS RODGERS. I have an amendment made in order under the rule.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mrs. MCMORRIS RODGERS:

Page 118, beginning on line 8, strike section 331 and insert the following:

SEC. 331. IMPERMISSIBLE USES OF FUNDS AND CONCURRENT FUNDING.

(a) IN GENERAL.—No funds received under this subtitle may be used for—

(1) payment of maintenance costs, including routine repairs classified as current expenditures under State or local law;

(2) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;

(3) improvement or construction of facilities the purpose of which is not the education of children, including central office administration or operations or logistical support facilities; or

(4) purchasing carbon offsets.

(b) FUNDING UNDER OTHER ACTS.—Funds made available under this title shall not be used to assist any local educational agency that receives funding for the construction, modernization, renovation, and repair of facilities under the American Recovery and Reinvestment Act of 2009.

Conform the table of contents accordingly.

The Acting CHAIR. Pursuant to House Resolution 746, the gentlewoman from Washington (Mrs. MCMORRIS RODGERS) and a Member opposed each will each control 5 minutes.

The Chair recognizes the gentlewoman from Washington.

Mrs. MCMORRIS RODGERS. I yield myself such time as I may consume. The amendment that I'm offering today is all about good, responsible government practices—it ensures that Federal resources, limited as they are, are directed to those areas that have the greatest need for construction funds.

This last February, we approved the stimulus package, $787 billion. More than $53 billion went to the State Fiscal Stabilization Fund, which funds States and localities to use the funds for any activity under ESEA, IDEA, the Carl Perkins Career and Technical Education Act, the Adult and Family Literacy Act, or for modernization, renovation, or repair of public school facilities.

I was one of a number of Members concerned about the prospect of creating a nationalized school construction fund, particularly in light of reports indicating the lack of academic achievement made over the last decade by our middle and high school students. For example, the 2006 Program for International Assessment puts United States 15-year-olds in the bottom quarter of participating OCED nations in math literacy and in the bottom third in science literacy.

This is unacceptable. These reports demonstrate that there's more to be done to improve and strengthen the education that our students are receiving, especially as it relates to the Nation's future competitiveness in the global market.

I do not believe that a federalized school construction program, one with limited transparency and accountability, is the solution to the problem.

Let me be clear. There's no doubt that certain schools are in dire need of renovation and repair. We can assist them in making the necessary repairs in order to create safe and secure learning environments. However, once secure funds have been directed to one area for construction and repair, responsible governance tells us that any remaining funds should go to those areas that have not yet received the funding but have a demonstrated need.

My amendment accomplishes this by restricting areas that have already received construction funds through the stimulus package from receiving funds authorized by this bill for construction. H.R. 3221 already provides a limitation on construction funding for community colleges that have received the stimulus dollars. It should be no different for elementary and secondary schools—sending a much needed message that learning should be a priority, especially in the formative years of a child's education.

I urge my colleagues to recognize the need for responsible governance by supporting this amendment.

I reserve the balance of my time.

Mr. GEORGE MILLER of California. I rise in opposition to the amendment.

The Acting CHAIR. The gentleman from California is recognized for 5 minutes.

Mr. GEORGE MILLER of California. I yield myself 1 minute.

This is really sort of a redo of where we were with the previous amendment to strike the construction funds that would be available—in this case, the K–12. The gentlewoman's amendment, as it's drafted, would, if they receive those funds under the Recovery Act, of which one of the allowable costs originally started out with the line item for construction, it became an allowable cost—if they received any of those funds, they would be ineligible to receive these construction funds.

The fact of the matter is the record is starting to develop that very few if any of the school districts were able to use those funds for construction because of the fact of the cuts that took place in almost every State across the country where those funds have been used to try to mitigate the firing of teachers, to continue to try to develop a reasonable class size, and all of the other costs that were going as local school districts were really very hard hit in this economic recovery from the downturn in local revenues, in State revenues. And that's why this amendment is necessary.

The opposition to this amendment is important so that these school districts can receive these funds to build clean, modern, and energy-efficient facilities.

I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. I thank the distinguished chairman and I thank him for his stellar leadership and an overwhelming change in the way we think about education.

I rise to oppose the present amendment, but support the underlying bill. This is a response to the competitiveness of the world. Each and every district that is represented here in this body, rural and urban, large and small, clamors for more education, particularly secondary education, higher education.

In my own district alone, as it relates to Pell Grants, 23,084 students will be impacted, with as much as $110 million in new Pell dollars that will help not only the Nation's colleges but, in my instance, the 18th Congressional District.

I happen to have a district that has any number of colleges, both private and public, large and small, research and nonresearch, students coming from all economic backgrounds, and I can assure you the importance of Pell Grants is without comparison.

Then I also represent an area that was hit by Hurricane Ike 1 year to the date last week, still suffering from the lack of infrastructure, schools that have been destroyed. And the $359 million that will come in construction dollars to Texas, K–12, is going to be a remarkable change for the people of Galveston or the people on the gulf who are impacted by this devastating hurricane.

In addition, I think it's important to note a full $87 billion in savings. Competition in place. Anyone who wants to provide a student loan—private bank, State bank—can provide it. But we are providing for the hardworking, taxpaying families additional dollars and a fair, even playing field. That's something to celebrate.

We're investing $3 billion to bolster college access and completion support. Crucial issues. I happen to have a very large community college system. I'm gratified that language is in here specifically to enhance community college.

Our community college system is growing with 60,000 students-plus. This is the first step. Go to a community college, be you someone who is working, someone who is raising children, someone who is going back to school, a military person who is retired or has just gotten out of the service, working with the GI Bill—you now have an opportunity to be able to go to a college that has reinforced dollars.

This is a bill that cuts at America's competitiveness. The world is getting smaller. People know science and math. They are looking to be inventive. And that means in order to create an economic engine for this country, we have got to educate our population.

People are clamoring for education. As I indicated, all walks of life, retirees, people who are changing jobs, people who have been laid off and fired. This is a new step.

So let me just say I want to applaud what we are doing here today, not because Members are doing it, but because we're changing lives. I ask my colleagues to support this legislation.

Mrs. MCMORRIS RODGERS. This amendment is about responsibility and recognizing that we have limited dollars. We just passed $53 billion in the stimulus package that includes funding made available for school construction.

There are a lot of priorities within our education system. I, too, am very concerned about competitiveness—about America's competitiveness, about our future, what's happening in our schools. And in Congress we need to make sure that we're getting the resources where they are needed so that our kids can compete, so that our students can succeed. That's not happening. Our students are not competing effectively in the world, in the global environment right now, in the global economy, and we're falling behind. I quoted the numbers for math and science.

What this is doing is just saying that the money that will be made available will be made available to school districts that didn't receive the school

construction money in the stimulus package. In my mind, it prevents double dipping. It will allow more schools to possibly access the school construction dollars, and it will protect other dollars to be used for other priority projects within our education system.

I yield back the balance of my time.

Mr. GEORGE MILLER of California. I yield myself the balance of my time.

It's a very clever amendment. What it says is, if you got money from the stimulus package, you cannot get money for school construction. Mind you, the money in the stimulus package did not provide for school construction. It provided it as an allowable expense. But whether you used it or didn't, under this legislation you wouldn't get it because it was an allowable expense under that legislation.

The fact of the matter is that we have far too many children in this country and every region of this country going to antiquated, outdated, unsafe schools. And the backlog for school modernization, for energy modernization, for trying to clean schools up and repair them and renovate them is as long as the road from here to the West Coast.

And the fact of the matter is that this government has the ability to help those schools to do that. So that those children that you're worried about learning, we know that they learn better if they're in a clean, well lit, warm place to learn, as opposed to a place where the rain is coming through, the lavatories don't work, the windows are broken. That sounds like that's extreme. No, that's the case in far too many schools all across this country in all different settings.

We should reject this amendment. I would urge my colleagues to vote ''no.''

□ 1830

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Washington (Mrs. MCMORRIS RODGERS).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. KLINE of Minnesota. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Washington will be postponed.

AMENDMENT NO. 5 OFFERED BY MS. PINGREE OF MAINE

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in House Report 111–256.

Ms. PINGREE of Maine. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Ms. PINGREE of Maine:

Page 109, line 24, strike ''and''.

Page 110, line 5, strike the period at the end and insert ''; and''.

Page 110, after line 5, insert the following:

''(C) local educational agencies serving geographic areas that contain a military installation selected for closure under the base closure and realignment process pursuant to the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).''.

The Acting CHAIR. Pursuant to House Resolution 746, the gentlewoman from Maine (Ms. PINGREE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Maine.

Ms. PINGREE of Maine. Thank you very much, Mr. Chair.

In addition to making landmark investments in higher education and student financial aid, H.R. 3221 provides over $4 billion in funding for K–12 public schools. This funding is critical to ensure that students grow up and learn in healthy, safe environments that maximize their chances to receive a quality education and graduate from high school. This is particularly challenging for areas that are facing extraordinary economic hardship. Public schools in these areas need additional attention and support to make sure these students have every opportunity to succeed.

H.R. 3221 currently sets aside $200 million in reserve funding for K–12 schools that are located in areas suffering from a natural disaster or severe economic distress. However, it does not recognize areas affected by the closure of a military base due to Base Realignment and Closure, the BRAC process, as eligible for this emergency educational funding. A base closure, such as the closure of the Brunswick Naval Air Station in my district, is a devastating event in a community. Schools in these communities need special attention, because unlike areas hit by economic recession, the closure of a base means the overnight disruption of the local economy. With a dramatic loss of taxpayers and Federal Impact Aid funding, which disappears 1 year after the students leave, BRAC communities are left without a dependable source of funding for critical school repairs.

In Brunswick, Maine, in my district, the closure of the once vibrant Brunswick Naval Air Station will result in an estimated 7,000 total jobs lost, a reduction in 10 percent of the public school population, and millions of dollars in lost economic activity, including $1 million in school funding that will be lost.

And my district is not alone. The closure of the Naval Air Station in Corpus Christi, Texas, will result in over 7,000 military and civilian jobs lost from that area. In fact, the 2005 BRAC resulted in the closure of major Army, Navy and Air Force bases in States across the country, including Maine, Georgia, New Jersey, New York, Virginia, Pennsylvania and Texas. Mr. Chair, schools in communities affected by these closures would all be eligible to benefit from much-needed funding under this amendment. We need to help communities like Brunswick recover from the loss of a military base, and we need to give them the resources they need to maintain a high-quality school system.

These investments in education are critical to putting these communities on a path to economic growth and redevelopment. The need for emergency educational funding in areas affected by the base closures is clear. My amendment helps public schools in BRAC communities recover from the devastating impact of losing hundreds of students and millions of dollars in taxpayer support.

I urge you to support the schools, teachers and students in BRAC communities by voting ''yes'' on this amendment.

I reserve the balance of my time.

Mr. GUTHRIE. Mr. Chair, I rise to claim the time in opposition even though I do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from Kentucky is recognized for 5 minutes.

There was no objection.

Mr. GUTHRIE. Mr. Chairman, supporting our men and women in uniform is important, and so too is it important to support the communities where the military has left an imprint. I think this is a reasonable way of targeting funding, and I will not oppose the amendment.

As we try to do what's best for communities, including those impacted by a base closure, we should consider job losses that would come as a result of this underlying bill.

I reserve my time.

Ms. PINGREE of Maine. I yield such time as he may consume to the gentleman from California (Mr. MILLER).

Mr. GEORGE MILLER of California. I want to thank the gentlewoman for offering this amendment. I know how hard she has worked on this problem and the impact that a BRAC closure can bring to all of our communities. Many of us have experienced that in the past and even again currently. I want to thank her for this amendment, and I would hope that we would accept it. We plan to accept the amendment on this side, and apparently the Republicans will accept it on their side. Thank you so much for offering this.

Ms. PINGREE of Maine. Thank you for your thoughts. I just want to, once again, urge my colleagues to support this amendment, the schools and the teachers in those communities that are affected by the BRAC.

I yield back the balance of my time.

Mr. GUTHRIE. Mr. Chairman, I do think it is a good way to target this funding to assist communities that are affected by Federal decisions in the Base Realignment and Closure, be they positive or negative for those communities.

I yield back my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Maine (Ms. PINGREE).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MS. PINGREE OF MAINE

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in House Report 111–256.

Ms. PINGREE of Maine. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Ms. PINGREE of Maine:

Page 140, beginning on line 18, strike subsection (e) and insert the following:

''(e) CONCURRENT FUNDING.—Funds made available under this section shall not be used to assist any community college that receives funding for the construction, modernization, renovation, and repair of facilities under any other program under this Act''.

The Acting CHAIR. Pursuant to House Resolution 746, the gentlewoman from Maine (Ms. PINGREE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Maine.

Ms. PINGREE of Maine. Thank you, Mr. Chair.

H.R. 3221 makes a remarkable investment in higher education at a time when our country needs it the most. But during these tough economic times, students need to be able to access an affordable education.

In my home State of Maine, we have one of the highest high school graduation rates in the country but one of the lowest rates for entry into college. Far too often, qualified, hardworking students in my State don't go to college because their families just can't afford it.

President Obama set a goal that by 2020, America will once again have the highest proportion of college graduates in the world. Investment in our community colleges is essential to achieving this goal in Maine and across the country. Community colleges are a critical resource for new and returning students who want to further their education and enhance their job skills. They provide a wide variety of innovative educational programs at affordable rates, and American families recognize the value of community colleges. In my State and many others, there are waiting lists because the community colleges can't handle the demand. That is why we must ensure that these schools have the funding they need to construct new facilities as well as the ability to renovate and repair existing facilities to create safe, energy-efficient, effective learning environments.

The need is high. The American Association of Community Colleges estimates that it would take roughly $100 billion to fully fund the construction and renovation of community colleges across the country. This far exceeds the $2.5 billion that we have set aside under this bill. Unfortunately, when this bill was originally drafted, it included a provision to prohibit any community college that received Recovery Act funding from receiving grants for construction or repair. That's why I'm offering this critically important amendment.

The intent of the recovery package was to provide a temporary injection of money into our economy and to create jobs and support our States, schools and local communities who were struggling during an economic downturn. States were encouraged to use this money for facility improvements and modernization. In Maine, every community college except one accepted this funding. They had no way of knowing that using these funds would interfere with their ability to access additional support. These schools should not be penalized for accepting this help.

It is also important to note that this amendment would also permit Historically Black Colleges and Universities to receive assistance under this bill, even if they also received assistance under the Higher Education Act of 1965. These institutions play an important role in our educational system and should not be excluded from the benefits provided by this bill. As President Obama declared, It's time to reform our community colleges so that they provide Americans of all ages a chance to learn the skills and knowledge necessary to compete for the jobs of the future. This amendment and the underlying bill will help do just that.

I urge a ''yes'' vote on this amendment, and I reserve the balance of my time.

Mrs. MCMORRIS RODGERS. Mr. Chair, I rise to claim time in opposition.

The Acting CHAIR. The gentlewoman is recognized for 5 minutes.

Mrs. MCMORRIS RODGERS. Mr. Chair, I rise in opposition to this amendment. My opposition is an attempt to put this Congress on a path to fiscal responsibility. I'm a big supporter of the community colleges and the important opportunities that they offer students across this country. But as I described just a few minutes ago, last February this body approved $53 billion in spending for schools, including higher education facilities, for activities including construction. I expressed concern then, as I am now, that this federalized school construction fund is not the answer to improving our Nation's education system. In fact, the Higher Education Act already includes a program by which community colleges can receive funding for construction and repairs.

If this amendment passes, there will be three Federal construction funding sources for community colleges to choose from—the stimulus package, the Higher Education Act and H.R. 3221, the underlying bill.

When I talk to community colleges, and when I talk to schools in my district, what they want is more flexibility, more local control, not more programs with more strings attached to them, particularly at a time when this Nation is running record deficits, we're losing thousands of jobs, and families are struggling to make ends meet. It seems to me that once funds have been obtained by a community college for construction, any remaining funds should be directed toward job training or teaching displaced workers new job skills.

To me, this amendment makes the statement that we are not concerned about the Nation's fiscal status. Well, I am concerned, and I urge my colleagues to be concerned as well by opposing this amendment.

I reserve the balance of my time.

Ms. PINGREE of Maine. Mr. Chair, I rise again to support the amendment and to talk about the importance of community college modernization, about the ability for our community colleges to rebuild and restructure these important institutions. In this time of such dire economic need, I find that so many of my constituents are contacting me and saying, You know, at this moment in time, I plan to go back to college and get an education; I want to do everything I can to make sure that as the economy improves, I am ready and prepared with the skills for this new century.

People want to have green jobs. They want to be prepared for the new technology. They want an education. And as young people grow up in my State—particularly my State, 38th in per capita income—many, many families struggling in this economy, the one thing we hear over and over again is that those young people in our State who graduate from high school at such high rates want to go on to college, they want to make sure they can get a college education. But over and over I hear from young people, You know, we couldn't afford it; I had to take a year off. And we hear from the community colleges, We can't expand fast enough; we can't make sure that we have the space available for the young people who want to attend college in our State.

In this time of dire economic need, when our State is turning to the Federal Government and saying, Do what you can to help us with education, I can't imagine any reason not to support our community colleges, not to make sure that they are able to take advantage of every possible opportunity for educational funding.

I come from a State that has really struggled to balance the budget, like so many other States across the country. Our State has made cuts everywhere they could to local education, places that we never wanted to go in the State Government to make those cuts. And you know what I hear all the time from my State legislators, from my former colleagues in the State legislature? They say, Please make sure that the Federal Government puts all the money it can into education, particularly higher education.

That's what this amendment does. It makes sure that no community college is penalized for taking advantage earlier. It makes sure that every community college is available to be there for our young people. I continue to support this amendment. I think it's so important in my State and so many other States. I encourage my colleagues to vote ''yes'' on this amendment.

I yield back the balance of my time.

Mrs. MCMORRIS RODGERS. Mr. Chair, it is really about fiscal responsibility. And instead of starting a new program with the limited dollars that we have, let's direct those dollars to our community colleges, but let's direct it to the programs that will actually offer job retraining, job skills and offer more programs that we need all across this country rather than another school construction program to complement two funding sources that already exist.

With that, I stand in opposition.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Maine (Ms. PINGREE).

The amendment was agreed to.

□ 1845

AMENDMENT NO. 7 OFFERED BY MS. FOXX

The Acting CHAIR. It is now in order to consider amendment No. 7 printed in House Report 111–256.

Ms. FOXX. I have an amendment at the desk, Mr. Chairman.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Ms. FOXX:

Page 27, beginning on line 20, strike ''has the meaning given'' and all that follows through ''2009'' and insert ''refers to a State public employment service established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.)''.

Page 27, line 25, strike ''have the meanings given'' and all that follows through page 28, line 2, and insert ''refer to a State workforce investment board established under section 111 of the Workforce Investment Act (29 U.S.C. 2821) and a local workforce investment board established under section 117 of such Act (29 U.S.C. 2832), respectively.''

Amend title V of the Bill to read as follows:

TITLE V—PRIVACY AND ACCESS TO DATA

SEC. 501. PRIVACY AND ACCESS TO DATA.

(a) IN GENERAL.—Each State or consortia that receives a grant under any provision of this Act shall implement measures to—

(1) ensure that the statewide longitudinal data system under this subsection and any other data system the State or consortia is operating for the purposes of this Act meet the requirements of section 444 of the General Education Provisions Act (20 U.S.C. 1232g) (commonly known as the ''Family Educational Rights and Privacy Act of 1974'');

(2) limit the use of information in any such data system by governmental agencies in the State, including State agencies, State educational authorities, local educational agencies, community colleges, and institutions of higher education, to education and workforce related activities under this Act or education and workforce related activities otherwise permitted by Federal or State law;

(3) prohibit the disclosure of personally identifiable information except as permitted under section 444 of the General Education Provisions Act and any additional limitations set forth in State law;

(4) keep an accurate accounting of the date, nature, and purpose of each disclosure of personally identifiable information in any such data system, a description of the information disclosed, and the name and address of the person, agency, institution, or entity to whom the disclosure is made, which accounting shall be made available on request to parents of any student whose information has been disclosed;

(5) notwithstanding section 444 of the General Education Provisions Act, require any non-governmental party obtaining personally identifiable information to sign a data use agreement prior to disclosure that—

(A) prohibits the party from further disclosing the information;

(B) prohibits the party from using the information for any purpose other than the purpose specified in the agreement; and

(C) requires the party to destroy the information when the purpose for which the disclosure was made is accomplished;

(6) maintain adequate security measures to ensure the confidentiality and integrity of any such data system, such as protecting a student record from identification by a unique identifier;

(7) where rights are provided to parents under this clause, provide those rights to the student instead of the parent if the student has reached the age of 18 or is enrolled in a postsecondary educational institution; and

(8) ensure adequate enforcement of the requirements of this paragraph.

(b) USE OF UNIQUE IDENTIFIERS.—It shall be unlawful for any Federal, State, or local governmental agency to—

(1) use the unique identifiers employed in such data systems for any purpose other than as authorized by Federal or State law; or

(2) deny any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose the individual's unique identifier.

Conform the table of contents accordingly.

The Acting CHAIR. Pursuant to House Resolution 746, the gentlewoman from North Carolina (Ms. FOXX) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from North Carolina.

Ms. FOXX. Mr. Chairman, I want to thank the Rules Committee for making my amendment in order and am glad to be here to speak on this bill.

First I want to say that my whole life was spent in education. I was president of a community college. I spent 12 years on a school board. I taught and was an assistant dean at Appalachian State University, so I was an administrator there. I was the director of a TRIO program at Appalachian. So I have been very much involved with education all my life. I am the product of a public school system and give credit to the success that I've had in life to the fact that I had great teachers and administrators who cared a lot about me and gave me some direction, although I came from extreme poverty and from a family where no one had ever graduated from high school.

I'm a very strong supporter of community colleges because I believe community colleges have been terrific in our country, particularly in North Carolina. I think we have an excellent system of community colleges, and so I am very proud of having been associated with them. They were created to be able to serve the community in which they are located, and they're able to pivot very quickly to offer the kinds of programs that the community needs, particularly in the area of workforce development.

So I want to say that while I'm here to strike a part of this bill that would be spending money on new educational programs, it isn't because I have any animus toward education programs at all—and I have great experience in that area. But my amendment strikes the entire American Graduation Initiative created by title V of the bill while maintaining the privacy provisions that apply to the whole act. These privacy provisions are very important because they ensure that student information is protected from individuals not authorized to view it and that students can't be identified by any unique identifier. This is also an area that I have been very much concerned about.

Title V authorizes and appropriates a total of $730 million between FY 2010 and FY 2030 and $680 million between FY 2014 and 2019. The savings from my amendment would be put towards deficit reduction.

My objections to this section come from several different areas. Number one, this is duplicative of programs already authorized under the Higher Education Act and the Workforce Investment Act. The new open online education provision gives authorization grants from the Federal Government to develop curricula that will be used in online courses. In my opinion, this is a step towards Federal curriculum for schools and colleges. It also severely interferes with the authority of States and localities to determine the curriculum that schools provide. This provision also wastes taxpayer money to federally fund an online course initiative that's already being provided by 1,000 colleges and universities across the country.

I am also concerned about a provision in that section which says, ''The Secretary is authorized to make grants to other appropriate entities.'' Is it possible that ACORN could receive funding through this broad statement? Can the majority promise me on the record that $1 is not now nor will it go to ACORN after passage of this bill? Again, the way this section reads, it can go to other appropriate entities. And we have seen how the folks on the other side have found every excuse in the world to fund that program.

We also aren't getting any sense of responsibility from the kind of legislation that's being passed here that we're hearing so much about from the President and my colleagues on the other side. We've heard so much about how the States don't have the money to do what they need to do. This is then a welfare program for the States and the community colleges within the States.

The community colleges already have programs where they evaluate what they're doing. They have to justify their programs, and the State should be setting priorities and funding those things that are most needed in the State. With unemployment as high as it is, I know that all the community colleges in North Carolina are setting priorities to work with people who need to get the education they need to get jobs, but there is so much taxpayer money wasted here on administration and bureaucracy and very little lack of accountability, despite what my colleagues have said.

The Acting CHAIR. The time of the gentlewoman has expired.

Mr. GEORGE MILLER of California. Mr. Chairman, I rise in opposition to the amendment.

The Acting CHAIR. The gentleman is recognized for 5 minutes.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS), a member of the committee.

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. Mr. Chairman, I rise in opposition to this amendment.

This amendment does not pose a choice between those who support bureaucracy and those who support education. It poses a choice between those who wish to see economic growth by investing in the most important aspect of economic growth, our workforce, and those who would prevent such a thing.

I would not rely on this argument on, frankly, my colleagues here in the House, although I commend them for putting this in the bill. I would rely instead upon this statement from the Business Roundtable, which is the association of chief executive officers of leading U.S. companies with more than $5 trillion in annual revenues and 10 million employees. So this is not the community colleges speaking. This is not those of us on the majority side speaking. It is the CEOs of the leading companies in America, and here is what they said:

''On behalf of the Business Roundtable, I want to commend you''—it's addressed to Chairman MILLER—''for inclusion of the Community College Initiative in H.R. 3221. This Community College Initiative and the President's American Graduation Initiative reflect the fact that community colleges have emerged as important institutions where acquiring skills for new jobs and new careers will take place.''

The United States cannot compete without the most highly skilled and motivated workers in the world, and I dare say that our odds of achieving that goal in the workforce are severely compromised if our community college sector is not strengthened.

The community colleges that I represent are overwhelmed with new applicants. They're overwhelmed attempting to find facilities and resources to deal with the education of those new applicants. That's why my colleges would agree with the CEOs of the biggest companies in this country who say that the Community College Initiative is so important for community colleges to reach their potential.

Let us not unduly constrict these fine institutions. Let us not listen to Republicans or Democrats. Let's listen to the leaders of corporate America who say, vote ''yes'' and oppose this amendment.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from North Carolina (Mr. MILLER).

Mr. MILLER of North Carolina. Mr. Chairman, it's astonishing that when unemployment in many parts of North Carolina is more than 13 percent that I have to defend an investment in community colleges.

Community colleges give students a chance to learn the skills that they will need to support themselves and support their families, and community college students move heaven and Earth to take advantage of that chance. Community college students often work full time, go to school full time, and for many, you can put on top of that, taking care of their children.

In North Carolina, about one adult in six is enrolled in the community college each year. All manner of workers depend on our community colleges for the skills they need for their livelihood: construction workers, law enforcement and other first responders, biotech workers, all manner of health care workers, and on and on. Talk to community college students and you will learn what industries are laying off and what industries are hiring.

North Carolina, like much of the Nation, was already going through a tough economic transition even before the recession, and millions of families depend on a community college education to make it through. And tough economic times have only made community colleges more important. Enrollment in North Carolina's community colleges increased by 8 percent just last year, and preliminary data shows that enrollment is increasing even more this year.

I welcome the Obama administration's recognition of the importance of community colleges to working families, to breadwinners willing to work hard to learn new skills. It is long overdue. And North Carolina's community college leaders welcome that, too, and strongly support this program.

I have a letter dated just yesterday from the President of North Carolina's Community Colleges strongly supporting this program. Help parents who will make any sacrifice to support their families. Vote for working families. Defeat this amendment.

Mr. GEORGE MILLER of California. Mr. Chairman and Members of the House, this amendment should be overwhelmingly rejected. Not only does it destroy the Obama administration's initiative on community colleges, but it destroys what almost every Member knows, that as much as the community colleges are doing today, as many students as they help, they're being asked to do even more. And the fact of the matter is we need them to do more, and we need them to do a better job.

We still have too many students who are starting community colleges but are not successfully completing it, either with a certificate for a career or an AA degree or transition to a 4-year school, whatever path they take. We have got to strengthen those pathways that those students take. We have got to strengthen the ability of the community colleges to make sure that they can provide that kind of opportunity. They are becoming the catalyst for economic innovation, economic change, economic revitalization and flexibility in all of our communities.

And what the Obama administration is suggesting with this initiative is that we should help them do that because we're vitally in need of their success so that people can change the careers as we move from one economy to another. As energy becomes modern and innovative and new, we need a different type of energy worker.

We must defeat this Foxx amendment. We must stick by this initiative and support the community colleges.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from North Carolina (Ms. FOXX).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. GEORGE MILLER of California. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from North Carolina will be postponed.

Mr. GEORGE MILLER of California. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ANDREWS) having assumed the chair, Mr. KISSELL, Acting Chair of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3221) to amend the Higher Education Act of 1965, and for other purposes, had come to no resolution thereon.

□ 1900

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. KISSELL). Under the Speaker's announced policy of January 6, 2009, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. POE) is recognized for 5 minutes.