NAYS—8

Conyers	Martinez	Paul
Frank (MA)	Nadler	Sanders
Kucinich	Oberstar	

NOT VOTING—11

Barr	Gephardt	Schumer
Bateman	Gonzalez	Smith (OR)
Brown (CA)	Meek (FL)	Wise
Dixon	Sandlin	

□ 1848

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. WISE. Mr. Speaker, because I was picking my children up from school I was unable to get back to the capitol to vote on H.R. 3546, the National Dialogue on Social Security Act.

I ask that the RECORD reflect that had I been here I would have supported the motion to recommit. I also ask that the RECORD reflect that had I been here I would have supported final passage of this measure and voted "aye."

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3605

Mr. BASS. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 3605.

The SPEAKER pro tempore (Mr. SNOWBARGER). Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3605

Mr. GILCHREST. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 3605.

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

There was no objection.

RESIGNATION AS MEMBER OF COMMITTEE ON BANKING AND FINANCIAL SERVICES

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Banking and Financial Services:

HOUSE OF REPRESENTATIVES,
Washington, DC, April 29, 1998.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives.

DEAR MR. SPEAKER: I am writing to inform you that I am resigning from the Committee on Banking and Financial Services.

Sincerely,

ESTEBAN E. TORRES,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBER TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. FAZIO of California. Mr. Speaker, at the direction of the Democratic Caucus, I offer a privileged resolution (H. Res. 412) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

HOUSE RESOLUTION 412

Resolved, That the following named Member be, and is hereby, elected to the following standing committees of the House of Representatives:

To the Committee on Banking and Financial Services: BARBARA LEE of California.

To the Committee on Science: BARBARA LEE of California.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 1502, DISTRICT OF COLUMBIA STUDENT OPPORTUNITY SCHOLARSHIP ACT OF 1997

Mr. HASTINGS of Washington, from the Committee on Rules, submitted a privileged report (Rept. No. 105–501) on the resolution (H. Res. 413) providing for consideration of the Senate bill (S. 1502) entitled the ''District of Columbia Student Opportunity Scholarship Act of 1997'', which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO SAME DAY CONSIDERATION OF CERTAIN RESOLUTIONS

Mr. HASTINGS of Washington, from the Committee on Rules, submitted a privileged report (Rept. No. 105–502) on the resolution (H. Res. 414) waiving a requirement of clause 4(b) of rule XI with respect to consideration of certain resolutions reported from the Committee on Rules, which was referred to the House Calendar and ordered to be printed.

HIGHER EDUCATION AMENDMENTS OF 1998

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 411 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 411

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 6) to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill, modified by the amendments printed in part 1 of the report of the Committee on Rules accompanying this resolution. That amendment in the nature of a substitute shall be considered by title rather than by section. Each title shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. Before consideration of any other amendment it shall be in order to consider the amendment printed in part 2 of the report of the Committee on Rules, if offered by Representative Goodling or his designee. That amendment shall be considered as read, shall be debatable for 20 minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against that amendment are waived. If that amendment is adopted, the provisions of the amendment in the nature of a substitute as then perfected shall be considered as original text for the purpose of further amendment. No other amendment to the amendment in the nature of a substitute shall be in order except those printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Printed amendments shall be considered as read. The chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business: *Provided,* That the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute ultimately considered as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS of Washington. Mr. Speaker, H.Res. 411 is a modified open rule waiving all points of order against consideration of the bill. The bill provides 1 hour of general debate to be divided equally between the chairman and ranking minority member of the Committee on Education and the Workforce.

The rule also provides that the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill, as modified by the amendments printed in part 1 of the report of the Committee on Rules, shall be considered as an original bill for the purpose of amendment.

Furthermore, Mr. Speaker, the rule provides that the amendment in the nature of a substitute shall be considered by title and that each title shall be considered as read. All points of order are waived against the amendment in the nature of a substitute.

The rule provides that before consideration of any other amendment, it shall be in order to consider the manager's amendment printed in part 2 of the report of the Committee on Rules, if offered by the gentleman from Pennsylvania (Mr. GOODLING) or his designee.

All points of order against that amendment are also waived, it shall be considered as read, and shall be debatable for 20 minutes equally divided and controlled by the proponent and an opponent. It shall not be subject to amendment and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole.

If that amendment is adopted, the provisions of that amendment in the nature of a substitute as then perfected shall be considered as original text for the purpose of further amendment.

Mr. Speaker, H.Res. 411 provides that no other amendment to the amendment in the nature of a substitute shall be in order except those printed in the CONGRESSIONAL RECORD.

The rule allows the Chairman of the Committee of the Whole to postpone votes during consideration of the bill and to reduce votes to 5 minutes on a postponed question if the vote follows a 15-minute vote.

Finally, the rule provides one motion to recommit, with or without instructions.

Mr. Speaker, H.R. 6, the Higher Education Amendments of 1998, reauthorizes existing programs that provide Federal aid to students. It is designed to help to make college more affordable, simplify the student aid system and improve academic quality. Most importantly, Mr. Speaker, this legislation will ensure that all Americans wishing to pursue a higher education will continue to have that opportunity.

First and foremost, H.R. 6 safeguards the student loan program by ensuring that student loans will remain available for all students and that students will receive the lowest interest rates in 17 years.

Moreover, once this bill is enacted into law, deserving students from disadvantaged backgrounds will have more Federal support to attend college than ever before. H.R. 6 improves campus-based aid programs such as Work Study, Supplemental Educational Opportunity Grants, and Perkins Loans. It also expands flexibility in the Pell Grant program that provides vouchers to needy students, by permitting a larger portion of the grant to be used for purposes other than tuition, such as child care for parents attending classes.

Mr. Speaker, encouraging students and their parents to work and save for educational expenses is a priority in this Congress. Accordingly, H.R. 6 increases the amount of income students may earn before it impacts their eligibility for financial aid. The bill also exempts veterans' benefits from being counted against students when they apply for financial aid.

Incredibly, Mr. Speaker, the current financial aid formula treats the assets of students and their parents differently and separately, as though they are not part of the same family. H.R. 6 changes this provision by combining the assets of the student and his or her parents when calculating the total ability of the family to contribute towards college expenses.

Finally, this legislation contains a number of administrative changes designed to streamline aid to education and eliminate bureaucratic red tape. In that regard, H.R. 6 can truly be described as a good deal for taxpayers as well as a good deal for students.

I commend the Committee on Education and the Workforce, and in particular the gentleman from Pennsylvania (Mr. GOODLING), the gentleman from California (Mr. MCKEON), the gentleman from Missouri (Mr. CLAY) and the gentleman from Michigan (Mr. KILDEE) for their efforts in bringing this important legislation to the floor. The rule before the House today is designed to provide full and fair consideration of the committee's work product, while limiting the opportunity for Members desiring merely to score political points with this bipartisan legislation.

Mr. Speaker, the quality of our higher education system in the United States has long been the envy of the entire world. At the same time, access to higher education for all deserving young people has been one of the driving forces behind two centuries of innovation and economic growth.

I urge my colleagues to continue this tradition by putting America's students and their education first and adopting both this rule and H.R. 6, the Higher Education Amendments of 1998.

Mr. Speaker, I reserve the balance of my time.

□ 1900

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to thank my colleague from Washington (Mr. HASTINGS) for yielding me the time.

This is a modified open rule. It will allow debate on H.R. 6, which is the Higher Education Amendment of 1998. As my colleague has described, this rule provides 1 hour of general debate to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Education and the Workforce.

The rule makes in order only those amendments that have been preprinted in the CONGRESSIONAL RECORD. These amendments will be permitted under the 5-minute rule, the normal amending process in the House. The rule does permit germane amendments to those preprinted amendments.

The bill continues and revises Federal student loans, Pell grants and other higher education programs. Federal grants, loans and college work study awards have made the dream of higher education a reality for millions of young people. These programs are essential to bring the opportunity for higher education to all Americans. This bill makes a number of important changes to the programs intended to make college affordable, simplify the student aid system and promote academic quality.

Mr. Speaker, It is a bipartisan bill. It has strong support from both sides of the aisle. The Committee on Education and the Workforce reported the bill with all Democrats who were present supporting it.

During testimony last night before the Committee on Rules, the gentleman from Missouri (Mr. CLAY) the ranking minority member of the committee, and the gentleman from Michigan (Mr. KILDEE) the ranking minority member of the subcommittee, requested a full and open rule. The Committee on Rules denied the request, instead requiring all floor amendments to be preprinted in the CONGRESSIONAL RECORD. Even though the minority's request was not fully granted, the rule will provide opportunity for Members to amend the bill on the House floor. Moreover, the bill is the result of a bipartisan process.

Mr. Speaker, the Committee on Rules approved this modified open rule by a voice vote, and I would urge adoption of the rule.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 4 minutes to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I rise in support of the rule and for the underlying bill, H.R. 6, which this rule brings to the floor, the Higher Education Amendments of 1998.

I especially want to thank my good friend, the gentleman from Washington (Mr. HASTINGS) for yielding me this time; and also I would like to thank the chairman, the gentleman from Pennsylvania (Mr. GOODLING) for including provisions in the bill in H.R. 6 which are similar to my bill, H.R. 715, the Accuracy in Campus Crime Reporting Act.

I would briefly like to discuss H.R. 715, much of which has been incorporated into H.R. 6.

This legislation, H.R. 715, currently has 71 cosponsors almost equally split between both parties. H.R. 715 is a

genuinely bipartisan bill. No college or university that has a safe campus should have any problems with the campus security provisions in H.R. 6, but for those institutions that do have crime problems, students and their parents should have a right to know about these dangers before they enroll.

I became concerned about this issue after meeting with several families whose children had been murdered on college campuses. These families never dreamed that they should have to worry about the physical safety of their children on college campuses.

The issue of campus crime last attracted the interest of many in the national media in the past year. Both CBS and ABC have devoted extensive time to this problem. Several leading publications have also covered this story. In fact, both the New Republic and USA Today have favorably written about my legislation, H.R. 715.

After reading many of these articles and hearing these reports, it became painfully obvious to me that many colleges are doing a poor job in giving students and their parents an accurate picture of the dangers that lurk on some college campuses.

On February 9, USA Today strongly endorsed H.R. 715 by stating, quote, in 1990, Congress passed a law requiring colleges to collect annual campus crime statistics, but the Education Department blocked the law's full implementation by threatening to withhold Federal funds from colleges opening their police logs.

USA Today then hit the nail on the head by concluding, quote, it is a sad state of affairs when an act of Congress is necessary for the Education Department to protect student safety.

I think, Mr. Speaker, that most of us look fondly on our college days, from the appealing image of ivy-lined brick buildings, the excitement of interacting with professors and, of course, making new friends who last for a lifetime. At least, that is what my colleagues and I probably remember.

However, in the 1990s, unfortunately, the reality is far different. On many campuses, rapes, robberies and even murders are becoming far too common. Students now have reason to fear for their safety on some campuses.

Mr. Speaker, I am very pleased that H.R. 6 contains campus security provisions that are modeled on H.R. 715. The campus security provisions of H.R. 6 require colleges and universities to maintain a daily log of all crimes committed and make those logs available for public inspection within 48 hours.

Many States already require colleges and universities to make their police logs public. These provisions in H.R. 6 are a matter of fairness to those institutions which are making good-faith efforts to inform the public of the dangers on their campuses. The need for accurate police logs is crucial so that accurate crime statistics can be compiled. The public must be able to make informed decisions about where to attend college.

While I would have liked to have seen more provisions from H.R. 715 included in H.R. 6, I believe that the provisions that are included will go a long way in improving the public's awareness of the dangers that, unfortunately, lurk on some of our college campuses. I appreciate the cooperation of the gentleman from Pennsylvania (Mr. GOODLING) in this regard, and I urge support for H.R. 6.

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from South Carolina (Mr. SPRATT).

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

Mr. SPRATT. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I support student loans, and I support the kind of compromise that has been reached in this bill, but as the ranking democrat on the Committee on the Budget I have to raise concerns about this bill because I do not think it complies with the Budget Act, and I think those concerns should be expressed.

For the first time in 30 years, we have got a balanced budget this year, and we have got a balanced budget in part because of disciplines and budget process changes we made in the Budget Summit Agreement of 1990, the Omnibus Budget Reconciliation Act of 1993 and the Balanced Budget Act last year, 1997.

One of those rules which we established in 1990 and have carried forward in each of those years was the so-called pay-go rule, which simply provides that any time anyone wants to liberalize or add to an entitlement the cost of it must be paid for either by identifying a revenue stream to pay for it or by reducing an entitlement somewhere else in the budget.

When the rule was read, the gentleman noted that all points of order are raised. The reason all points of order have to be raised as to the Budget Act is that this particular bill increases direct spending for student loans by $2.8 billion, according to the Office of Management and Budget, over and above what was provided in the balanced budget agreement last year.

In effect, what we have done here is lower the rates the students will pay, and that is good, I am for that, and raise to some extent what the banks will realize for these loans. We have increased the spread over and above what was anticipated for the next 5 years, and the cost is $2.8 billion, according to OMB.

Now what does this mean? We have waived points of order. The bill cannot be withheld. I know the calamity it would cause if it were withheld because students are making decisions about how they will pay for college right now.

But what this means is that we will have an entry on something called the pay-go score card. There is about $700 million in scored offsets to this bill so the entry will be $2.8 billion minus $700 million equals $2.1 billion. And if as of September 30 of this year we have not cleared that from the score card, it will trigger sequestration. It will mean across-the-board cuts in a host of programs, including educational programs, voc rehab. Ironically, it will increase student loan origination fees.

Now I am not criticizing the group here that put this together. I am criticizing the way the House is run. We should have had well before now a budget resolution. We have a process by which these decisions are not made one by one, piecemeal. They are made in a comprehensive context where we have to identify the offsets, identify the tradeoffs. When we want to increase one thing, we have got to decrease something else. We have not done that.

The most egregious violation of it was the BESTEA bill, the transportation bill that we had on the floor just a few weeks ago. That particular bill will increase spending by $35 billion over and above what we provided in the BBA. This is just another illustration of what happens when we do not have a budget agreement, when we do not have a budget resolution.

The proper procedure would be to send this bill back to the committee and require maybe not this group but some group to identify the offsets better than the offsets that have been identified here. I know that is not going to happen.

When the bill comes up, I am going to vote for it myself. But I could not let the bill come to the floor, could not let it be considered in this manner, could not let this routine incantation that all points of order are waived be made without raising the concern of the Committee on the Budget, my own personal concern that we are deviating from the disciplines that have brought us to a balanced budget for the first time in 30 years, and we are going to have a real pileup in September unless we get under way with the budget resolution in the process that we duly adopted.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 2½ minutes to the gentleman from Pennsylvania (Mr. GOODLING) the chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding the time to me.

First, I would like to say that I wish the previous speaker would have been sitting on our committee when we were marking up. I sure could have used him. Because we had amendment after amendment after amendment, and every time I asked where is the offset, they said there was not any. Now, fortunately, we were able to defeat them in a bipartisan way, but, otherwise, we had a serious problem.

I think it is important to point out that we have asked the lending institutions to reduce yields by 30 basis points that they would normally expect to receive, so it is not a situation where

somebody came and gave them more. We asked them to reduce yields by 30 points, and we did that to bring about an agreement with the students. And for the gentleman from California (Mr. MCKEON) and the gentleman from Michigan (Mr. KILDEE) I will not be so informal. They worked for a year and a half to bring about this agreement between the students and the lending institutions.

The scoring has been a problem. There is no question about it. At one point, they were told that we have about $4 billion to $6 billion in savings. We were really swimming in good water. We had all sorts of money to spend. Next time they scored it, they used a different scoring method, and all of a sudden we are a billion dollars short.

I would also tell the previous gentleman we have come up with at least half of that, and I believe that the Committee on the Budget is able to come up with the other half.

So, again, it has been a very difficult thing, but we know that we must have it on the President's desk by May 15, unless my colleagues want to have total, a total disaster. We will have parents, we will have students, we will have schools sitting out there wondering are their loans? When will we find out?

So we just positively have to move the legislation, and I cannot give the two congressmen I mentioned enough credit for the amount of hours that they have spent and the staffs have spent to bring together the students and the lending institutions.

Above all, the students do not want to see their opportunity taken away from them simply because we in the Congress cannot come up with an agreement that will save the private sector as far as their ability to provide 70 percent of all Federal student loans. So I would hope that we can eliminate an awful lot of the amendments that are coming up because that could really drive us up the wall and then we will really have a scoring problem and, at the same time, get this legislation to the President quickly.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding this time to me, my friend from Ohio.

Mr. Speaker, I rise today in support of this rule and in support of this bill. However, I must say that I share the views of the gentleman from South Carolina (Mr. SPRATT) the ranking member of the Committee on the Budget. I think his concerns are absolutely accurate; but, like him, I will vote for this bill and hope that we can work out some of the problems as it goes through.

I am pleased that the committee was able to work together in a bipartisan fashion to draft this bill. However, Mr. Speaker, I am extremely concerned that the authorization for the National Board for Professional Teaching Standards was eliminated during markup of the bill.

□ 1915

I have talked to some of the staff of the committee on our side, and that was not our intent, and my understanding is we are not supportive of that, although it is a small component of a large bill.

As education is one of our Nation's highest priorities, Mr. Speaker, we need to focus on improving the quality of the teachers in our schools. National board certification is, in my opinion, an important way to achieve this goal. Both the President and a bipartisan group of our Nation's Governors support the good work that the national board is doing to improve the quality of our teachers.

Recently, Mr. Speaker, the Maryland Legislature passed a bill creating a pilot program to encourage up to 45 teachers to seek national board certification. In the city of Bowie, Maryland, just down the road, the City Council approved a $20,000 set-aside in its 1997–1998 budget for initiatives to enhance the teaching skills and instructional environment in Bowie schools, including national board certification.

Mr. Speaker, as President Clinton said last Friday, and I quote, now is no time to walk away from our commitment to public education. The National Board for Professional Teaching Standards, the President said, should not be a partisan issue, it should not be an ideological issue, it ought to be purely and simply what we can do to help you do what is best for our children and their future, close quote.

Mr. Speaker, as I said, I will support this bill, but I am very, very hopeful that the National Board for Professional Teaching Standards is included in the Senate bill and will be included in the conference. I will be talking to my good friend, the gentleman from Missouri (Mr. CLAY), the chairman-in-exile of this committee, and the gentleman from Pennsylvania (Mr. GOODLING), chairman of this committee, in working toward that end.

I think this is a critical component of our overall effort to upgrade the status of teaching, and, therefore, the quality of education in our schools. I would hope that we could come to an agreement between the two bodies on this, and I look forward to working toward that end.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. PAUL).

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

Mr. PAUL. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in support of this rule. It is obviously a very fair rule because I am allowed to offer an amendment later on, so I am pleased to be able to vote for this rule. I have an amendment that I am going to offer in Title I which will be designated so that the Social Security number cannot be used for the electronic personal identifier for any of the programs in this educational bill.

The American people have become very worried about how often the Social Security number is being used as a national identification number, and we are working quickly toward a time where we have a national identification card. We certainly have abused the Social Security number as being the number. It was never intended that way. That is not what was intended when the Social Security was started that this number would be a universal number for everything.

In 1974, it was stated rather explicitly that the Social Security number should not be used for programs like this, and I would like to just quote the Privacy Act of 1974: ''It shall be unlawful for any Federal, State or local government agency to deny any individual any right, benefit or privilege provided by law because of such individual's refusal to disclose his Social Security number.''

I think this is a good idea, because today we are very much aware of the fact that if a company, if a loaning company, or if one is going into a store to buy something, and they get one's name and one's Social Security number, one knows that they can call up more information about somebody than they know about themselves. I think this is a serious threat to the privacy of every American citizen, and we should be cautious about using the Social Security number. It is being used all the time.

Mr. Speaker, prior to coming to this Congress, I was an obstetrician delivering babies, and babies cannot leave the hospital these days without a Social Security number. So they are born, get a Social Security number, they do not leave the hospital without it, and do my colleagues know that one cannot have a death certificate without a Social Security number? They are everyplace. It is an intrusion on our privacy. We do not need to use a Social Security number.

When I was in the Air Force, we used to have an identification number, but now, today, it is the Social Security number. Not too many years ago a law was passed here in the Congress that mandates that each State licensing agent for our automobile says that one has to have a Social Security number. So now they will be cross-checking with Social Security number and all of our driver's license numbers.

We are losing our privacy in this country. The American people know it. We do not need this number to be used in this program for it to be successful, and we should move very cautiously, and I hope I can get support for this amendment so that we do not use the Social Security number as the electronic personal identifier.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. LOWEY).

(Mrs. LOWEY asked and was given permission to revise and extend her remarks.)

Mrs. LOWEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise to offer my strong support for this rule and the bipartisan amendments to the Higher Education Act. Education is society's great equalizer. It enables Americans to participate in democracy and pursue the American dream.

We all recognize that a college education is as necessary today as a high school education was just a generation ago. In 1982, a worker with a college degree earned 40 percent more than a worker without one. Today, college graduates earn 75 percent more.

A recent national survey showed that 9 in 10 Americans believe every interested qualified student should have the opportunity to attend college. My colleagues, that is a clear mandate for a strong higher education bill, and I believe such a measure is before us today.

Just briefly, it increases Pell Grants by 50 percent next year and provides additional increases in the future. It preserves the Perkins Loan, the State Student Incentive Grant, the Supplemental Education Opportunity Grant programs, all important sources of financial aid. It will encourage more disadvantaged students to pursue higher education by strengthening TRIO, continuing my National Early Intervention Scholarships, and establishing a new High Hopes program that will work with low-income middle schools and community organizations.

The new campus-based child care program will help young mothers attend college and become self-sufficient. The new loan forgiveness program will help fill America's growing need for qualified teachers. The bill will also help make college campuses safer and provide students and their families with the information they need and deserve about crime on campus.

Of course, this bill is not perfect. It ends Federal support for the fine work of the National Board of Professional Teaching Standards and fails to include, as the Senate bill does, a Fair Play Act to encourage colleges to satisfy the interests and needs of young female athletes.

However, despite some deficiencies, this is a strong bipartisan bill, and I urge my colleagues to support it.

Mr. HASTINGS of Washington. Mr. Speaker, how much time remains on each side?

The SPEAKER pro tempore (Mr. GUTKNECHT). The gentleman from Washington (Mr. HASTINGS) has 14½ minutes, and the gentleman from Ohio (Mr. HALL) has 18½ minutes.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MCKEON).

Mr. McKEON. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in strong support of this rule and the bill H.R. 6, the Higher Education Amendments. First I would like to thank the gentleman from New York (Mr. SOLOMON), chairman of the Committee on Rules, for his help in crafting this rule. Through his efforts and those on the committee, we have been able to bring this bill to the floor in a timely and expeditious manner. He definitely will be missed when he retires.

This rule will govern floor consideration of H.R. 6, which is one of the most important education bills that this Congress will consider this year. As many of my colleagues know, we are facing a July 1 deadline that creates a crisis in the student loan program. H.R. 6 contains a bipartisan compromise that fixes the problem, maintains the viability of the private loan program, and provides students with the lowest interest rate in 17 years.

So through the swift adoption of this rule and passage of H.R. 6, we will move one step closer to meeting that deadline. Therefore, I urge all of my colleagues to support the rule and vote in favor of H.R. 6, the Higher Education Amendments of 1998.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Guam (Mr. UNDERWOOD).

Mr. UNDERWOOD. Mr. Speaker, I thank my friend from Ohio for yielding me this time.

I rise in support of the rule on H.R. 6. I know that many of the members of this committee have worked hard on producing a bill which will increase the affordability for our institutions of higher education and advance social mobility in our country. As a retired educator and higher education administrator, we know that institutions of higher education advance knowledge, provide community service, and serve as the basis for social and economic mobility for millions of our young people who come from backgrounds with few social advantages and economic resources.

Higher education institutions in our country are marked by their capacity to provide this opportunity which is vastly different than institutions in other countries. Higher education is the strength of our society and the engine of progress and opportunity, and this bill, as written, continues and ratifies this understanding of postsecondary institutions and deserves our support.

Mr. Speaker, I would like to draw attention to the especially unique provisions that it has on Hispanic-serving institutions and the work of the gentleman from Texas (Mr. HINOJOSA) in that regard. I would also like to draw attention to a provision which allows higher education institutions in the territories to compete for grants with a little bit more flexibility. I would like to really draw attention to the fact that it is making higher education affordable for millions of young people around the country, and the increase in Pell Grants. I know there is a problem with the Pell Grant provision, and I have spoken with the leadership on this issue.

The bill, as currently written, says that students from the Micronesian Islands, the Republic of the Marshall Islands, and the Republic of Palau and the Federated States of Micronesia are not eligible for Pell Grants except if they go to institutions in those areas and Guam only. I feel very strongly that this is a violation of the compacts of free association and will attempt to limit educational opportunities for these people.

The FAS territories of the Pacific islands was an American-administered area of the Pacific under which some compacts were arranged in order to help to facilitate the growth of these areas, and for one reason or another, H.R. 6 does not take this into account. I trust that we can work towards a version of the bill on this particular provision which will restore the benefits of Pell Grants for the Micronesian students not only in Guam, and not only on their own home islands, but throughout the 50 States.

Again, Mr. Speaker, this bill deserves our support. It is a good bill, and it is a bill that is the work of very strong bipartisan support and a good and healthy understanding of the role of postsecondary institutions in our society.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of both the rule and the bill. I think this bill is one of the most significant bills that we will probably pass in this Congress, and these are the issues that count with the American people, without a doubt.

To be competitive in the global economy, we need to provide our youth with the means to better their education. This is the essence of the American dream.

Now, I know that there are going to be amendments during this process, and I do believe that there will be constructive colloquies and constructive dialogue and debates on those amendments, but this bill is fundamentally a very strong bill.

I do want to point out that one of the issues that has been questioned is the resolution here of the potential crisis of the interest rate issue on this bill. The proposal in this legislation, I believe, is the best that we could have come up with, and it will help students while saving the program for higher education through the private banking system.

Now, I am one of the longtime members of the Subcommittee on Postsecondary Education, Training and

Life-Long Learning, but I have another hat. I am the chairwoman of the Subcommittee on Financial Institutions and Consumer Credit, and perhaps from that point of view I understand both sides of this issue.

This legislative fix, so to speak, is necessary, absolutely necessary, not only to protect the loans for the students at reasonable low interest rates, but also to ensure that the banks will not be forced to leave the market.

□ 1930

I think this is the best possible compromise that we could have reached. It works for the students and their families and it works for the private sector, the banks who provide the loans at low interest rates.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from Ohio (Mr. HALL) for yielding me this time.

Mr. Speaker, I rise in support of the rule, and at a time when the people who cover politics are obsessed with what is scandalous and divisive, we have before us tonight something that is solid and unifying.

Mr. Speaker, I want to commend the leaders of our committee, the gentleman from Pennsylvania (Chairman GOODLING), the gentleman from California (Chairman MCKEON), the gentleman from Missouri (Mr. CLAY) and the gentleman from Michigan (Mr. KILDEE) for all the time and effort they have put into this bill and all the very fine work that they have done.

I also want to commend the Committee on Rules for putting before us a rule that lets anyone with any idea have the right to come to the floor and express his or her idea. That is why I support the rule.

Mr. Speaker, I do want to associate myself, however, with the remarks of the gentleman from South Carolina (Mr. SPRATT), the ranking Democratic member of the Committee on the Budget, with respect to the cost and payment mechanism for the interest rate compromise that has been referred to earlier.

First of all, we do not really know what the cost is. We have an estimate from the Office of Management and Budget that tells us it will be net in excess of $2 billion. We have another estimate from the Congressional Budget Office which tells us that even with the offsets that have been identified, it is in the neighborhood of half a billion dollars.

It is a very serious consideration that we are moving forward on this bill without identifying where the money is going to come from. It is sort of the-check-is-in-the-mail theory of budgeting that got us into this mess in the first place.

I agree with those who say that we should move forward this evening, and I will vote with them to do so. But I also want to sound a note of caution that as we move this bill out of the House of Representatives and into the conference committee, I think it is imperative that we lay before the Members of this body and our constituents, the American people, the specifics of how much this compromise will cost the taxpayers and where the money is going to come from to pay for it.

I believe it would be a disaster to fatten the profits of the banking industry at the expense of other student aid programs or other mandatory programs. We should be watching that as the time goes on.

Mr. HASTINGS of Washington. Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I have no more speakers. I would urge a ''yes'' vote on the rule, and I will not be calling for a vote. I think it is a good bipartisan rule, and I yield back the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I want to urge my colleagues to support this rule, and the underlying bill. This is clearly a product that is bipartisan in nature and that is something I think we can be proud of.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 411 and rule XXIII, 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. 6.

□ 1934

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. 6) to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes, with Mr. GUTKNECHT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise today in support of H.R. 6, the Higher Education Amendments of 1998. Considering H.R. 6 today, the House will complete a bipartisan process that began in the subcommittee chaired by the gentleman from California (Mr. MCKEON) well over a year ago.

This legislation will benefit millions of students across the country in their pursuit of a higher education. The bill will improve programs such as Work-Study, Pell grant, TRIO, and student loans that help millions of students pay for college.

We will do a number of important things here today. However, none may be as important as our efforts to keep student loans available for all students. As all of my colleagues know, we have been struggling for the past year with the student loan interest rate issue that is the direct result of the Student Loan Reform Act of 1993. That act changed the index for establishing interest rates on these loans.

Prior to the Student Loan Reform Act, interest rates had always been tied to 91-day Treasury bills. However, as part of the changes associated with the creation of the Federal Direct Student Loan program, the index for establishing interest rates changed to one based on the 10-year Treasury bond. This scheduled rate change is serious and has the potential to disrupt the Federal Family Education Loan Program which provides nearly 70 percent of this country's Federal student loans.

As a parent I am keenly aware of the burden being placed on our youth by student loan debt. I am personally committed to ensuring that the interest rate on Federal student loans is kept as low as possible. However, I also realize that there is a point at which the lenders will get out of the program. That point is reached when their return on making these loans falls short of the return they could make by investing elsewhere.

Under the bill we are considering today, students will receive historically low interest rates, the lowest in 17 years. The rates students pay on new loans will drop from the current rate of 8.25 down to 7.43 during the repayment period. At the same time, the amount the lenders are paid will be reduced by 30 basis points which will, I believe, ensure uninterrupted access to private capital for our Nation's students.

The chairman of the Subcommittee on Postsecondary Education, Training and Life-Long Learning, the gentleman from California (Mr. MCKEON) and the ranking member of that subcommittee, the gentleman from Michigan (Mr. KILDEE) have worked very hard to find a solution to the crisis. That solution is contained in this legislation.

Throughout this difficult process, the gentleman from California (Chairman MCKEON) and the gentleman from Michigan (Mr. KILDEE) never forgot the interests of the students. They never gave up when negotiations broke down. I know that the ranking member of the committee, the gentleman from Missouri (Mr. CLAY) and the rest of the members of the committee are grateful for their efforts in resolving the issue.

Mr. Chairman, I especially want to thank the Speaker of the House, the gentleman from Georgia (Mr. GINGRICH), the gentleman from Texas (Mr. ARMEY), the majority leader, as well as

the gentleman from Ohio (Mr. KASICH) chairman of the Committee on the Budget. Without their help, this solution would not have been possible. All three contributed to ensuring that we could pay for this provision which is now budget neutral without passing any of the costs on to students.

Many in the higher education community support the proposal and have joined me in praising the gentleman from California (Chairman MCKEON) and the gentleman from Michigan (Mr. KILDEE) for their leadership. The major student groups have described the proposal as, and I quote, ''A realistic, fair, and even-handed compromise that protects students' need for lower borrower rates.'' The American Council on Education and 10 other major higher education groups representing over 3,600 colleges and universities praised the fact that the proposal ''ensures the continued availability of capital in the guaranteed student loan program.''

Mr. Chairman, for the people back home, I hope they would notice that I am not quoting anything that the lending institutions or the lending organizations have had to say about this. Obviously, they are not nearly as pleased.

I continue to welcome the help of everyone who is willing to work in good faith to get the problem solved. I thank those who have already shown a willingness to seek common ground in order to ensure that student loans remain both inexpensive and available.

But, Mr. Chairman, I am sorry to say that despite the bipartisan example set by the leaders on both sides of this committee, there are those who would continue to play politics with this issue. A high-ranking official at the Department of Education recently put out a press release about our bipartisan solution stressing that it recognizes the ''need to protect students from banks.''

Now, if there is anything that students need to be protected from, it is the high cost of getting an education and the quality of service they get from the bureaucracy at the Department. This bill scores high on both counts: It helps make college more affordable and it simplifies the student aid delivery system.

The committee is proud of the accomplishments made to date in making college affordable for all students. Since we have been in charge, for example, Pell grants and College Work-Study are funded at all-time highs, while provisions in the Taxpayer Relief Act created education IRAs and other tax credits to help low- and middle-income students obtain a postsecondary education. The legislation we are considering today will build on these important achievements by continuing the important programs that serve students well and by reforming burdensome requirements to best meet the needs of students, families, and colleges across the country.

Mr. Chairman, I do want to caution all of my colleagues to please be very, very careful about their ambition to add all sorts of things to this legislation, because they could kill the wonderful work that the subcommittee and then eventually the full committee has done.

Mr. Chairman, we have also made significant changes to the current need analysis formula in order to address concerns raised by many students and families about the need to encourage students to work and save for their education. The bill increases the amount of money that students may earn before it impacts their eligibility for financial aid. By doing this, we are encouraging students to work and save for college.

It also combines the assets of a student and his or her parents when calculating the ability of the family to contribute towards college. The current formula treats that assets of parents and students differently and separately as though they are not part of the same family. We are changing this provisions so the formula truly considers the ability of the family to pay for college.

The legislation we will consider today will also improve service to students. It addresses the need to reduce the administrative costs associated with the processing, delivery, and monitoring of the Federal financial aid programs. It gives the Secretary of Education the tools he needs to bring the Department into the 21st Century.

Specifically, the Department will be required to put in place a Performance-Based Organization (PBO) to run the day-to-day operations of the student financial aid delivery system. Chairman MCKEON and Representative KILDEE introduced the PBO bill last fall with the full support of the students and the rest of the higher education community. I am glad to see that it has been included in our final bill.

A more stable and more efficient delivery system coupled with regulatory reform should result in reduced administrative costs for the Department as well as for schools, lenders, guaranty agencies, and other program participants who must interact with the Department's delivery system. This is particularly important since we are forcing lenders and guaranty agencies to operate with less revenue and we expect colleges to keep their costs down for students. The Department needs to contribute to these efforts by operating more efficiently so others can do the same.

I'd also like to note some provisions of H.R. 6 that were offered in Committee by Representatives MCKEON and CASTLE to make college affordable. The McKeon—Castle amendment will implement a number of the recommendations of the Commission on the Cost of Higher Education. This is important, because if we are truly interested in making sure that all Americans can afford a quality postsecondary education, and if we are truly interested in reducing the debt burden placed on our students, then the single most important thing we can do is to get colleges to lower their prices. These provisions are a needed first step in that direction.

In addition to making college more affordable and simplifying the delivery system, we have fulfilled our promise to improve the quality of higher education. H.R. 6 will help create safer campuses where our nation's students can learn. It improves the information made available to students and families about crimes occurring on college campuses. And although no one can guarantee safety, we are making sure that students have the information they need to protect themselves from becoming victims of crime. We are also ensuring families have accurate information about crime on college campuses so they can make informed choices when selecting a college for their children.

H.R. 6 also provides strong incentives for students to stay off drugs. An amendment offered by the gentleman from Indiana, Mr. SOUDER, and accepted in Committee will eliminate student aid eligibility for students convicted of drug offenses. This provision is based on an amendment offered by Mr. SOLOMON in 1992, which was accepted by the House. Unfortunately, the Solomon amendment was later dropped in conference. If we want to ensure safety on our Nation's campuses, it is vital to keep them drug-free.

H.R. 6 also focuses on improving teacher quality so that students will have high quality teachers trained in the subject areas in which they teach. It is alarming to find that nearly one-third of all high school math teachers and over one fifth of all high school English teachers in this country have neither majored Nor minored in the subjects in which they teach. Given this fact, it should come as no surprise that American twelfth graders recently scored so low on the TIMMS international math and science test.

Under this legislation, States will be encouraged to undertake a wide variety of efforts to improve the quality and ability of classroom teachers—beginning with the reform of institutions at which many of these teachers are prepared.

Specifically, this bill amends the Higher Education Act by replacing 16 unfunded teacher preparation programs with a single competitive block grant, which I'm pleased to mention, was developed through a bipartisan process within our Committee.

Using funds from this competitive block grant, Governors will have significant flexibility in which activities to carry out. Specifically, such efforts may include strengthening State teacher certification procedures to better reflect current and future teacher's academic knowledge of the subjects they teach; reforming schools of education and holding them accountable for producing quality teachers; creating and/or expanding programs which provide alternative routes to teacher certification; undertaking teacher recruitment efforts; and implementing initiatives to expeditiously remove incompetent or unqualified teachers.

To ensure that States receiving these funds are making progress to improve teacher quality, this legislation also makes future grants to States contingent upon meeting specific goals such as being able to demonstrate an increased percentage of teachers teaching in subject areas and an increase in ''first-time'' certification and licensure rates among education school graduates.

I would like to especially highlight several provisions that were worked out in a bipartisan fashion which are now part of the manager's package of amendments.

They include: an increased emphasis on partnerships consisting of the Governor of a participating State, exemplary schools of education and local educational agencies; an increased focus, with respect to the teacher recruitment provisions, on schools most in need

of quality teachers, such as in poor urban and rural areas; and a clarification that the Governor shall be the grant recipient except in those cases where State law or constitution dictates that another individual is responsible for education.

I look forward to the support of my colleagues for this compromise so that we can help States really reform teacher preparation programs and provide high quality teachers to our students.

I would also like to thank Representative GRAHAM for his efforts in working with Representative KILDEE, in crafting a truly bipartisan initiative under this legislation which provides loan forgiveness for prospective teachers who agree to teach in high poverty urban or rural schools.

In addition to the improvements we will make in the preparation of teachers, there are a host of other changes that will improve educational quality and opportunities far beyond the college campus. Today, the House will increase opportunities for all Americans to get the education they need through the expanded use of distance learning techniques and new technologies. Today we will also encourage students to become involved in their communities and to help children learn to read by ensuring that colleges use more of the Work-Study dollars to fund these initiatives.

Finally, let me just say that that the legislation before us today is one of the most important things that we in the 105th Congress will do this year. It will ensure that every American has access to a quality postsecondary education at an affordable price. This is a bipartisan bill that makes much needed reforms to help students, parents, and schools. I urge all of my colleagues to support it, and I urge a ''yes'' vote on final passage.

Mr. CLAY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I want to commend the gentleman from Michigan (Mr. KILDEE) and the gentleman from California (Mr. MCKEON) for their great bipartisan teamwork on this very important higher education initiative. They worked for better than a year to fashion legislation that I believe strengthens our country's commitment to higher education.

I also want to commend the gentleman from Pennsylvania (Chairman GOODLING) and all the committee members who made valuable contributions to the higher education reauthorization effort. I am pleased to give my enthusiastic support for this bill.

The bill strengthens student aid financing by significantly reducing student loan interest rates, increasing Pell Grants and improving the calculations of benefits for independent and dependent students. The bill adopts a number of measures that enhance support for minority and disadvantaged students by strengthening the TRIO program and other programs supporting historically black colleges and universities, Hispanic-serving institutions and tribally controlled colleges.

Mr. Chairman, I am also pleased that the committee adopted President Clinton's High Hopes program. And I commend the gentleman from Pennsylvania (Mr. FATTAH) for his successful advocacy of this important initiative.

Mr. Chairman, the bill also includes a number of provisions aimed at improving services to students on campus such as enhanced campus crime reporting, a new campus-based child care program and streamlining financial aid procedures.

I am also pleased that teacher education and recruitment received a boost in this bill by the adoption of a loan forgiveness program for new teachers and strong teaching training partnerships. As we continue to work on this bipartisan bill, I hope that we can continue our efforts to resolve issues regarding loan consolidation interest rates, guarantee agencies, and the National Board for Teacher Certification.

Finally, Mr. Chairman, I would like to express my hope that we will unanimously reject attempts to undermine this bipartisan bill through the introduction of a divisive anti-affirmative action amendment. The Riggs amendment has received universal condemnation among all those who care deeply about expanding educational opportunities for all Americans. Students, colleges, civil rights groups, editorial boards and women's groups across this country have urged us to reject this giant leap backwards.

Last night, Secretary Riley and Attorney General Reno sent an urgent message to Congress expressing their strongest possible opposition to this very dangerous amendment. They would urge the President to veto H.R. 6 if the Riggs amendment is adopted. I hope that all Members will reject this reckless amendment that is designed to torpedo passage of the Higher Education Reauthorization Act.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. MCKEON), the subcommittee chairman who did such a great job in putting this legislation together.

Mr. MCKEON. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. GOODLING) for yielding me this time.

Mr. Chairman, I rise today in support of H.R. 6, the Higher Education Amendments of 1998. Today we are assembled to consider the reauthorization of the Higher Education Act of 1965. I want to thank my fellow members of the Committee on Education and the Workforce for the bipartisan way in which they have worked to get us to this point. I especially want to thank the gentleman from Pennsylvania (Mr. GOODLING), chairman of the committee, for his support and leadership on this important legislation.

Mr. Chairman, throughout the process he has kept us focused on the goal of improving our financial aid system for students and parents. Whenever a particularly difficult problem would arise he would not give up. To the contrary, he would confront it head on and forge a consensus.

□ 1945

The gentleman from Missouri (Mr. CLAY), the ranking member of the committee, and the gentleman from Michigan (Mr. KILDEE), the ranking member of the subcommittee, also deserve a great deal of thanks for all of their dedication and hard work. For more than a year, we have worked closely together gathering representations from around the country to improve the way we provide support for higher education. The result is the legislation before us today.

I want to begin by noting that this legislation, including the interest rate fix that is contained in it, is paid for. In fact, without the interest rate fix, H.R. 6 saves roughly $70 million in mandatory spending. However, due to the emergency nature of the interest rate problem, it became clear that an immediate fix is needed and that any fix would cost money.

Under H.R. 6, the interest rate fix was paid for in a plan developed by the leadership which required half of the savings to come from the committee and the rest to be made up in offsets supplied by the Committee on the Budget.

I want to personally thank Speaker GINGRICH, the gentleman from Texas (Mr. ARMEY), the majority leader, and the gentleman from Ohio (Mr. KASICH), chairman of the Committee on the Budget for their hard work and support for making this solution possible.

The legislation we are considering will be one of the most important things Congress will do for students and families this year. It will bring us closer to my goal of ensuring that every American who wants a quality education at an affordable price will be able to get it.

As my colleagues know, the committee began this process with no predetermined changes in mind. We requested and received recommendations for change from individuals across the country and from more than 70 organizations representing schools, students, and other participants in our financial aid programs. We spent the better part of last year traveling around the country, holding hearings to fully understand what changes are needed to better serve our Nation's college students.

We have developed this legislation through open and bipartisan discussions with the higher education community, students, parents, and our colleagues in the 105th Congress.

Throughout this process, three compelling principles have guided us: making college affordable, simplifying the student aid system, and stressing academic quality for students.

We have kept true to these three principles throughout the process. If we continue to do so as we move forward, the end result will be a new and improved Higher Education Act establishing quality Federal student aid policy for the years ahead.

I want to focus my remarks today on a few very important areas. First, the

legislation before us today will simplify the student aid system. H.R. 6 will eliminate 45 unfunded programs, including the State Postsecondary Review Entities, or SPREs, and terminate 11 studies and commissions.

It will bring our student financial aid delivery system into the next century. It will create a performance-based organization within the Department of Education focused on providing quality service to students and parents.

For the first time, the day-to-day management of our student aid programs will be in the hands of someone with real-world experience and financial services. This individual will be given the hiring and contracting flexibility necessary to get results and will be paid based on performance.

For the first time, the Department's student financial aid systems will be run like a business, adopting the best practices from the private sector and focusing on bottom-line results. This performance-based organization will manage the Department's computer systems and ensure that the Department of Education does not waste money due to poor contract management or duplication.

The chief operating officer hired to manage this organization will simplify the process of applying for financial aid for students and their families and integrate student financial aid systems to improve efficiency, save money, and prevent fraud and abuse in the programs.

This bill also requires the Secretary to work with the higher education community to adopt common and open electronic data standards for important parts of the delivery system. By adopting these common standards, we can greatly simplify the student aid system by eliminating paper forms and unnecessary steps in the process.

Students and their families deserve a modern student aid system that meets their needs. This legislation will give the Secretary the tools he needs to provide it.

Additionally, the legislation before us rationalizes the guaranty agency system and makes important changes to the incentives we give guaranty agencies. It will change the guaranty agency financing structure to give these entities the flexibility they need if we expect them to use the largest private sector business practices, operate more efficiently, and ensure program integrity.

These changes will increase guaranty agencies incentives to become more efficient in their operations by designating payments for services as the property of the guaranty agency; increase their financial risk with respect to defaults in order to encourage stronger default prevention efforts; restructure the payments made to guaranty agencies in order to maintain a strong guaranteed loan program; and, most importantly, provide real savings to the Federal Government.

Some will say that we should have gone further in our restructuring initiative. These are the same individuals who would have us dismantle the guaranty agencies and turn them into contractors for the Federal Government. It is clear to me that this would be a mistake.

Throughout the history of the FFEL program, guaranty agencies have played a vital role in protecting the Federal fiscal interest while ensuring that billions of dollars in private capital remained available to needy students.

Given the shortfalls we have seen in the Department's contracting abilities, shortfalls which have caused unacceptable delays in the processing of student financial aid forms and a complete shutdown of the direct loan consolidation process, it is clear that the approach taken in H.R. 6 is the right one.

Second, this legislation continues and strengthens those programs that have served students well, making college more affordable.

One of the biggest challenges we faced during this process was saving the student loan program. As my colleagues know, the scheduled change in the interest rate for student loans jeopardized access to private capital for students.

Committee members faced the challenge of finding a solution that would ensure that student loans remain available to all students and their families, while also ensuring that students receive a real reduction in their interest rates. This was no easy task.

After working extensively with all parties involved, the student groups, the higher education and lending communities and Republican and Democratic members of the committee, it became clear that there was a consensus in three key areas.

First, everyone agreed that tying the interest rate to a long-term instrument like the 10-year Treasury bond would not work. Second, no one had any faith that the direct loan program could provide a viable alternative in the event that private loan capital became unavailable. Third, as our subcommittee hearing on March 5 showed, the interest rates for lenders proposed by the administration were too low to ensure lender participation.

In the end, we found a solution that I hope fixes the interest rate problem. The solution contained in this legislation will ensure that student loans will remain available for all students and that students will receive the lowest interest rates in 17 years. While no one may be completely happy with this solution, I believe it will ensure that every student will continue to have access to student loans at the most affordable rate possible.

Finally, H.R. 6 contains provisions offered in the committee by myself and the gentleman from Delaware (Mr. CASTLE) that implements a number of the recommendations of the National Commission on the Cost of Higher Education.

Specifically, this legislation will provide students and parents with better information to keep colleges accountable and higher education affordable by requiring the Secretary of Education to work with institutions to develop a clear set of standards for reporting college costs and prices.

Under our bill, the Secretary of Education will redesign the collection of Federal base information on college costs and prices to make it more useful and timely to the public.

This legislation will allow students to make more informed choices about the level of education they pursue by requiring the Secretary of Education to collect separate data on the cost and price of both undergraduate and graduate education.

It will help parents and students make informed decisions about the school they choose by requiring the Secretary of Education to make available for all schools on a yearly basis information on tuition, price, and the relationship between tuition increases and increases in institutional costs.

It will also allow us to keep track of any progress made in reducing tuitions by requiring the United States General Accounting Office to issue a yearly report on college cost and tuition increases.

H.R. 6 will reduce the costs imposed on colleges through unnecessary or overly burdensome Federal regulation by requiring the Secretary of Education to undertake a thorough review of regulations regarding student financial assistance every 2 years and, where possible, repeal, consolidate or simplify those regulations.

The Secretary will also report to Congress any recommendations he has with regard to legislative changes which would allow increased regulatory simplification. This legislation will require the General Accounting Office to report to Congress on the extent to which unnecessary costs are being imposed on colleges and universities as a result of holding them to the same Federal regulations that are applied in industrial settings. I expect colleges and universities to pass on these savings to students.

H.R. 6 will stress our commitment to keeping college affordable by strengthening our support for innovative projects addressing issues of productivity, efficiency, quality improvement, and cost control at postsecondary institutions.

In addition, H.R. 6 allows colleges and universities to offer voluntary early retirement incentives to tenured professors. This will allow professors, at their choosing, to receive additional retirement benefits beyond what they otherwise would have, while allowing colleges to approve their academic programs while reducing costs. I urge my colleagues to support these provisions as well.

Mr. Chairman, ensuring that a quality postsecondary education remains affordable is one of the most important things we can do for our children and for American families everywhere. If

we are truly interested in making sure that all Americans can afford a quality postsecondary education and if we are truly interested in reducing the debt burden placed on our students, then the single most important thing we can do is to get colleges to lower their prices. These provisions will be a needed first step in that direction.

Once again, I want to thank my colleagues for the bipartisan way in which we have been able to work, and I look forward to our continued efforts to improve the Nation's higher education programs. I urge my colleagues to support H.R. 6 and to vote yes on final passage.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Without objection, the gentleman from Michigan (Mr. KILDEE) will control the balance of the time for the minority.

There was no objection.

Mr. KILDEE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, well over a year ago, the gentleman from California (Mr. MCKEON), the Chairman of the Subcommittee on Postsecondary Education, Training, and Life-Long Learning, and I set out to produce a higher education reauthorization bill that would enjoy widespread bipartisan support. From the outset, the gentleman and I have worked very closely together on this.

We began with the understanding that this bill was too important to be bogged down by bipartisan differences, and we have held to that understanding very well. It has not always been easy, and I would be the first to admit that both of us have had to give ground and compromise.

The result, however, is a strong piece of legislation worthy of support by Democrats and Republicans alike. The heart and soul of this bill are in its student aid provisions. They make up more than 90 percent of this legislation, and they constitute 75 percent of all student aid available to help deserving Americans pay for a college education. Without them, a college education would simply be beyond the financial reach of millions of Americans. With them, and with a heavy dose of hard work, students can truly make the dream of a college education come true.

I am extremely proud of the fact that we have protected and even strengthened important student aid programs. Next year, the authorization level for the maximum Pell Grant will be $4,500, a strong signal that, in Federal student aid, there should be a stronger reliance upon grant aid and less dependence upon loans.

We have doubled the allowance for child care from $750 to $1,500. We have increased the income protection for dependent students from $2,250 to $3,000, from $4,250 to $5,500 for single independent students, and from $6,000 to $8,500 for married independent students.

We extend to the students the saving protection allowances that reward parents who save for their children's college education. The combined savings of students and their families would be protected up to $70,000.

We believe there is an appropriate way to reward those who have saved without penalizing those who could not. We make sure that the free application for Federal student assistance remains free, whether in paper or electronic form.

We also authorize this use as the application form for a loan. And, perhaps most important, need analysis will remain focused first upon serving those with the greatest need.

We strengthen the Trio Programs, protect the emphasis of the Supplemental Grant Program, expand college work study to include a new focus on family literacy, simplify the Perkins Loan Program, give the SSIG Program a new structure and purpose, and establish a new High Hopes Program to help young people complete a high school education and go on to college.

For the millions who must borrow to help pay for college, we have sought to keep the cost of borrowing down. We have accepted the administration's proposal to set the student interest rate at the 91-day T-bill plus 1.7 percent while the student is in school and 2.3 percent while the student is in repayment, with an overall cap of 8.25 percent. For students, this will mean the lowest interest rates in over 17 years.

We reduce the special allowance paid to lenders from T-bills plus 2½ percent to 2.2 percent while the student is in school, and from 3.1 percent to 2.8 percent while the student is in repayment.

□ 2000

I am very encouraged that we have been able to include a limited loan forgiveness program in this legislation. An individual who enters teaching, remains in the profession, and teaches in a high-poverty school now has the chance to have up to $17,750 of their Stafford Loans forgiven.

I am also very pleased we have managed to reach an agreement that keeps both direct lending and FFEL programs in place. In and of itself, this is a major accomplishment that many said could not be done.

As important as the student aid provisions are, there are other provisions of H.R. 6 that also merit our support.

In Title I we have forged a single definition of an institution of higher education.

Prior to this, there has been one general definition and another more specific definition for the purposes of Title IV.

We will now have one consolidated definition.

We also propose to establish within the Department of Education a performance-based organization, which we believe will give the Secretary the tools he needs to make sure that our student air programs are managed in an effective and efficient manner and that, first and foremost, they serve the students they are designed to help.

In Title II we continue the small, but effective urban community grant program.

This has been an extremely important program in forging stronger linkages between my home community and the University of Michigan in Flint.

I am also encouraged that passage of the manager's amendment will mean a significant improvement in the Title II teacher quality enhancement provisions. This will mean authorization of a significant program to improve the recruitment, training and professional development of our Nation's teachers.

I am disappointed, however, that this legislation contains a prohibition on funding for the National Board of Professional Teaching Standards. I have long supported the excellent work done by the board. It has undertaken the difficult and painstaking task of establishing a set of voluntary standards for classroom teachers who want to demonstrate high proficiency and knowledge in their chosen field. We should be continuing our support for the board and not curtailing its important work.

I am extremely pleased with the compromise we were able to reach in committee to establish a new Title V to aid Hispanic-serving institutions.

I believe the agreement we reached in this area is a solid one that deserves the strong support of Members on both sides of the aisle.

As co-chair of the Native American Caucus, I strongly support the tribal college provisions that are part of this legislation.

I am proud of the fact that we will have a newly authorized Title III program specifically designed to help these institutions, and that we will continue all currently authorized Native American higher education programs in part B of Title IX of these amendments.

Mr. Chairman, enactment of H.R. 6 is essential if our critically important student aid programs are not to be interrupted. Passage of this bill is an important step to ensure the continuation of these programs and the aid they provide to literally millions of Americans who rely upon our Federal student aid programs to help put them through college.

And while there are areas and provisions where we disagree, this bill was reported out of committee by a vote of 38 to 3 with no Democrats in opposition. As we debate H.R. 6 on the House floor, I would hope that we might avoid action that would risk the widespread bipartisan support this bill now merits and enjoys.

Mr. Chairman, I look forward to a lively, productive debate and passage of a bill which we can all be proud of.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. PETRI), a member of the committee.

Mr. PETRI. Mr. Chairman, I thank the distinguished chairman of the committee for yielding me this time.

Mr. Chairman, the Higher Education Act is one of the supremely important laws which comes before this House. It has wide ramifications for our society

and for our economy. I want to commend my full and my subcommittee chairmen and my colleagues on the Committee on Education and the Workforce who have worked so diligently on this reauthorization, even as I comment on one disturbing aspect of it.

In the history of guaranteed student loans, what the students paid has always been what the banks received, with the exception of in-school interest on subsidized loans and interest above a capped amount, which have been paid to the banks by the government. That has been true until now.

Under this bill, H.R. 6, for the first time this link will be broken. The banks will receive one-half percent more interest than the student borrowers pay, with the taxpayer paying the extra one-half point to the banks on every loan for as long as that loan is outstanding. That is an administrative monster as well as a huge cost increaser.

Why are we doing this? Because the banks swear on a stack of Bibles that they will lose money if we cut them further. They will drop out of the program and students will not get loans. Mr. Chairman, I have heard that particular Chicken Little before.

When I first became a member of the committee 19 years ago, the banks got 3½ percent over T-bills on these loans, and they swore then on a stack of Bibles that if we cut them, they would drop out. So we cut them to 3.1 percent. Guess what? Nobody dropped out. Since then, it has been the same story every time we bring up this act. They swear on a stack of Bibles, we cut them a little bit anyway, and nobody drops out. Does anybody see a problem here?

This whole process is fundamentally flawed. We are setting prices for private parties in a political negotiation. Congress should not be setting prices. We need a market process to do that. We have that in direct lending, where all private services are procured through competitive bidding. We do not have that in guaranteed lending.

That is why the gentleman from New Jersey (Mr. ANDREWS) and I are proposing a loan rights auction process to determine how much the banks are paid and to get rid of the continuing extra half point bank subsidy now in the bill.

Mr. KILDEE. Mr. Chairman, I yield 2½ minutes to the gentleman from Indiana (Mr. ROEMER).

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

Mr. ROEMER. Mr. Chairman, first of all, I want to associate myself with the bipartisan spirit and nature of this bill and commend my ranking member, the gentleman from Missouri (Mr. CLAY), and my ranking member of the subcommittee, the gentleman from Michigan (Mr. KILDEE), and also give accolades to the gentleman from California (Mr. MCKEON) and the gentleman from Pennsylvania (Mr. GOODLING) for bringing Republicans and Democrats together on such an important issue to all Americans across the board.

One of my constituents was kiddingly saying to me the other day, he said, ''Tim, the American dream used to be to own your home. Now it is to get your children out of the home and into an affordable school.'' Well, this bill will help our Nation's parents get their children into affordable schools.

When parents want to send their children to Indiana University or Purdue, it can be $13,000 a year, and if there are three children, it can cost those parents $156,000 through the course of those tuition payments. For affordability reasons, we have the lowest interest rate in 17 years in this bill. That is a tax cut for every individual with children in schools across America with the passage of this bill.

In terms of accessibility, that complements the affordability. Children with no hope, we have now passed a program with high hopes, to give children the hope of getting into college. For simplification, students will be able to apply for financial aid with one single application for both loan programs. For quality, I have included an amendment for alternative certification for teachers to get certified so that we can bring in people from different professions, including the military, to teach in schools.

I do, Mr. Chairman, have one concern about a new regulation for reporting requirements on colleges and universities and intend to offer an amendment during consideration of this bill to strike that particular provision.

Mr. Chairman, I thank the distinguished Member, the gentleman from Michigan (Mr. KILDEE), who has done such a great job on this bill, and conclude by saying that Thomas Jefferson, who founded the very first public institution in this country, the University of Virginia, once said, and I quote, ''The less wealthy people would be qualified to understand their rights, to maintain them, and to exercise with intelligence their parts in self-government.''

Thomas Jefferson, I think today, would be very proud of the higher education system in this Nation that is the best in the world. This bipartisan bill complements that outstanding university system.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Chairman, I thank my friend from Michigan for yielding me this time, and I again want to say to the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from California (Mr. MCKEON), our chair people, and to the gentleman from Missouri (Mr. CLAY) and the gentleman from Michigan (Mr. KILDEE), our ranking members, that I am proud to be associated with their accomplishment that they have worked so hard on.

This bill is the second installment in a two-part process that began last year to make higher education more affordable for more Americans. Last year, as part of the historic balanced budget agreement, this Congress gave people a tax cut to help people pay for college tuition. This Congress made it easier for people to save some money in IRA-type accounts for college and career school tuition.

We finish that job or continue that job with this bill. This bill dramatically increases Pell Grants to a level of about $4,500 at the beginning. This bill makes more loans more affordable to more students and, in response to legislation I have introduced, makes those loans more affordable and more repayable. This bill expands work study programs and makes it more fair and reasonable as to how we calculate what a family must contribute to the education of a person in that family.

What is most important about this bill, however, is why it does what it does. This bill is about honoring a commitment to the people of this country that says if they are willing to work hard and make sacrifices that they can go as high and as far as their ability and desire will take them.

I am proud, Mr. Chairman, to stand before you tonight as the son of a father who did not graduate from high school, as the son of a mother who graduated from high school but had no further opportunities.

Education has been very important in our family. My father-in-law was a lifelong career educator, my mother-in-law is someone who cares deeply about education, and I am just so proud to be a part of an effort that says to all of America's children and all of America's adults that the promise of a higher education is much closer to being a reality once we enact this legislation. I urge my colleagues to support it.

Mr. GOODLING. Mr. Chairman, I yield 2½ minutes to the gentleman from South Carolina (Mr. GRAHAM), an important member of our committee.

Mr. GRAHAM. Mr. Chairman, to take up where my colleague left off about families and about doing better and about hopes and dreams, this bill has a lot of that in it.

I am the first person in my family to ever go to college because my parents worked hard. They died fairly early on in my life, and I helped put my sister through, and we got student loans and grants, and it really helped.

But one of the debates about education is to provide quality. And, quite frankly, one of the problems we are facing in this country is a shortage of qualified teachers. In this bill, the higher education bill that we are about to, hopefully, pass here, there is a provision that I think the American public needs to know about that is a very good, common-sense step to solving that problem.

About 30 percent of the teachers in our K through 12 schooling systems have been in teaching over 20 years and are going to retire, and we are going to have a tremendous teacher shortage in the first part of the 21st century. The number of emergency certificates being issued to get people into the teaching profession, like in New York City alone, is about 18 percent, is at an all-time high.

We are having a hard time getting people into the teaching profession, especially in urban poor and rural poor districts. In this bill we have a program, thanks to the gentleman from Michigan (Mr. KILDEE), the gentleman from California (Mr. GEORGE MILLER), and the people on our side of the aisle. We have come together in very much a bipartisan fashion to address the teacher shortage facing this country.

The loan forgiveness program goes as follows: If individuals graduate from college and are willing to go into the teaching profession and keep their certifications up, because we want quality, not just bodies, and they will go to a Title I school where 30 percent of the students are at the poverty level or below and they will stay in that school system and teach for 3 years and keep their certification levels current, in the fourth year of their teaching career we will start forgiving the student loan at 30 percent, and by the sixth year of their teaching careers we will forgive the student loans entirely, up to $17,750.

We on this committee believe that it is a small step forward to addressing the teaching shortage in this country, and I cannot tell my colleagues the response I have gotten in South Carolina. I have a lot of Title I schools with 30 percent poverty level or below. The educators are excited. This will help us get the best and brightest as an incentive to go into teaching, to go into the schools that have a hard time recruiting.

And this amount of money is $218 million, and it comes out of the bill itself. There is no new spending. I think it is Congress at its best, and I want to thank the people on the other side of the aisle, the gentleman from Michigan (Mr. KILDEE) and the gentleman from California (Mr. MILLER), for helping in this endeavor. A lot of lives are going to be changed very positively as a result of this, and I just think it is a good day for Congress, and I hope other Members will tell the folks back home about this new program.

□ 2015

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Chairman, as a member of the Subcommittee on Postsecondary Education, Training and Life-Long Learning, which crafted this bill, I am truly proud to rise in support of H.R. 6, the Higher Education Act. This is a good bipartisan bill. It makes higher education more available and more affordable for all students.

H.R. 6 also makes higher education safer, particularly for women on college campuses, because H.R. 6 includes grants to combat violent crimes against women on campuses. Currently, 20 percent of college women will be victims of sexual assault at some time during their college years. These are our daughters, our sisters, even our mothers. College is hard enough. Women should not have that added worry of sexual assault. These grants will be used for education, for prevention, for collaboration with local public safety departments to reduce violent crimes against women on college campuses.

I want to thank the gentleman from Pennsylvania (Mr. GOODLING) and I want to thank the gentleman from Missouri (Mr. CLAY), and I want to thank them both for their willingness to work with me to include these grants in this bill. And at the same time, we should all be thanking the gentleman from California (Mr. MCKEON) and the gentleman from Michigan (Mr. KILDEE) for their leadership on this bill. Good job, my colleagues.

On the other hand, I urge my colleagues to reject any amendment that will jeopardize final passage of this bill and to join the members of the Committee on Education and Workforce from both sides of the aisle and vote for a bill that puts the best interest of students and parents first.

The CHAIRMAN. The Chair would advise that the gentleman from Michigan (Mr. KILDEE) has 14 minutes remaining, and the gentleman from Pennsylvania (Mr. GOODLING) has 8 minutes remaining.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I thank the gentleman for yielding.

I want to join my colleagues in again congratulating our chairman the gentleman from Pennsylvania (Mr. GOODLING) and the subcommittee chairman the gentleman from California (Mr. MCKEON) and the gentleman from Missouri (Mr. CLAY) and the gentleman from Michigan (Mr. KILDEE) for all of the work here.

This is one of the more unusual bipartisan coalitions we have put together in the last couple of years, but we have done it because I think everybody on the committee recognizes the importance of this legislation to America's families with children who are pursuing higher education and pursuing education for the purposes of taking their place in our economic system.

This legislation is an important vehicle, and it opens the doors of opportunity for those families. I think as we look through this legislation, to my colleagues who are not part of the committee, they will start to see that the hearings in this committee made a difference, that this committee was willing to listen to people who were constructive critics of the current system and have made a series of changes that I think are terribly important.

We provided loan forgiveness, as the gentleman from South Carolina (Mr. GRAHAM) pointed out, to teachers to go to high-poverty schools, but we also said that those teachers have to be qualified. No longer should poor children have to suffer poor teachers. We have provided grants to States for upgrading the State teacher preparation and certification system. We created partnerships between colleges and school districts to provide new teachers intensive professional development and mentoring programs and better information to parents about the qualifications of the teachers of their children, the teachers who are spending many hours a day with their children.

I think it is important for our colleagues to understand that we listen to these critics, we try and shape and mold this program, we try to reduce the cost of higher education to young people and to their families; and I think we successfully did so.

Finally, I would just like to make one remark that was pointed out by our colleague the gentleman from Guam (Mr. UNDERWOOD). I am disappointed that the legislation, as currently written, will result in students from the Freely Associated States being denied access to Pell Grants. I think it is important that we try to honor our commitment to these people from the Federated States of Micronesia, Marshall Islands and Palau to make sure that they do have access to institutions of higher education here on the mainland; and I look forward to working with the committee on that matter.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Mrs. MCCARTHY).

(Mrs. MCCARTHY asked and was given permission to revise and extend her remarks.)

Mrs. MCCARTHY of New York. Mr. Chairman, I rise in strong support of H.R. 6. I want to commend the gentleman from California (Mr. MCKEON) and the gentleman from Michigan (Mr. KILDEE) for making this a truly bipartisan effort.

H.R. 6 will give millions of Americans educational opportunities well into the next century. I am pleased that H.R. 6 includes the provisions of my bill, the American Teachers Preparation Improvement Act. H.R. 6 will help new teachers by establishing partnerships between colleges and schools.

I am also pleased that H.R. 6 includes legislation that the gentleman from New York (Mr. ENGEL) and I introduced to protect consumers. Our bill requires the Department of Education to put up-to-date information about financial aid and scholarships on its Web site.

This bill does many great things to increase access to education, but we can do more. I am concerned that provisions which block schools from financial aid programs if their default rates are high end up denying access to education to many low-income students.

However, earlier this month GAO reported that default behavior is primarily influenced by the characteristics of the borrower rather than that of the school. We need to hold schools accountable, but we need to look very closely at the measurements we use. Many good schools risk being kicked out of Federal aid programs simply because they serve low-income students.

Again, I want to commend the chairman and ranking member for their work, and I urge my colleagues to support H.R. 6. And again, through our educational committee, we have worked well together, and I appreciate that, because, in the end, we are serving our children, and I appreciate that very much.

Mr. MCKEON. Mr. Chairman, I yield 2½ minutes to the gentleman from Nebraska (Mr. BARRETT), an important gentleman on the committee.

Mr. BARRETT of Nebraska. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I guess let me begin by expressing a certain disappointment this evening over the rule we passed earlier this evening. I was assured throughout committee consideration that the $1 billion in extra money that we were looking for would be resolved prior to coming to the floor with the bill. In fact, I even cosponsored the bill with that assurance. Now, of course, we find in the rule that we waived the budget rule so that no one could raise a point of order against the bill for violating the Balanced Budget Act that we all agreed to about 8 months ago.

I know, Mr. Chairman, that this is much needed legislation if we are going to have student loans available to the millions of needy students out there. But to make the student loans available today, the House apparently is willing to add another unpaid bill to tomorrow's generation of students, and I am very disappointed over this action.

However, in the limited time that I do have before me, let me highlight just a few provisions that I do support in the bill. The bill, first of all, would create a student loan forgiveness program for teachers in low-income schools. Some teachers could have some or all of their student loans forgiven if they are teaching in their core area.

H.R. 6 would also modify the needs analysis formula to permit people to keep more of what they earn and still qualify for Federal student financial assistance. If people are to move from welfare to work, or if young families are to afford to have one or both parents in school, then we must allow them to earn just a little bit more and still qualify for student aid.

Finally, Mr. Chairman, the bill does embark on what may become a very complex issue in the next reauthorization. For example, how can Federal student aid programs be adapted to the new and emerging technologies and the methods of instruction used in distance learning programs? H.R. 6 permits the Secretary to approve distance learning programs that are currently exempt from statutory or regulatory limitations. This could very well provide more flexibility and more oversight for emerging distance learning programs.

Unfortunately, in my opinion, Mr. Chairman, some of these good provisions and many others are scarred by the budget-busting nature of the bill.

Mr. KILDEE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Mr. Chairman, I rise in support of House bill H.R. 6. This is a strong bill giving students opportunities to access higher education for the next 5 years.

First, I want to acknowledge the excellent work accomplished by the gentleman from Pennsylvania (Mr. GOODLING). I applaud the leadership shown by the gentleman from California (Mr. MCKEON), chair of the Subcommittee on Postsecondary Education, Training and Life-Long Learning; likewise, the gentleman from Missouri (Mr. CLAY) and the gentleman from Michigan (Mr. KILDEE), the ranking member of the Subcommittee on Postsecondary Education, Training and Life-Long Learning, have contributed greatly towards the education bill before us today. It is amazing that we forged an excellent bipartisan consensus agreement.

Secondly, I want to express my appreciation to Secretary Riley and President Clinton for supporting our legislative and resource allocation concerns in regard to expanding opportunities for Hispanic students. I also want to acknowledge the personal contributions offered to us by the gentleman from Missouri (Mr. GEPHARDT), the minority leader, and his staff.

Thirdly, a special mention is directed to all of the presidents of HSIs who rallied on our behalf. And last, but not least, thanks to the Hispanic Education Coalition, which provided us with very valuable insights and consistent support during this Congress.

In September of last year, on behalf of the Congressional Hispanic Caucus, I introduced H.R. 2495. This bill contained a number of provisions intended to amend what is now H.R. 6. With the help and cooperation of our committee leadership, a number of these provisions have been incorporated.

For example, in regards to Hispanic-serving institutions, we have reduced eligibility barriers, legislatively strengthened these institutions, increased the authorization levels, and provided for graduate and professional opportunity.

Other provisions incorporated in H.R. 6 include support within title III for tribally-controlled colleges and universities, support for high school equivalency programs and college assistance migrant programs, Frank Tejeda Scholarship program, funding priorities in the Fund for the Improvement of Postsecondary Education, which emphasizes community colleges.

All of the foregoing provisions are especially important to us on the Education Task Force of the Congressional Hispanic Caucus. They are of much greater importance to all the students impacted. The students are the winners with H.R. 6. This includes 1.2 million students and the 166 Hispanic-serving institutions across nine States and Puerto Rico.

In closing, Mr. Chairman, I urge all my colleagues to vote in support of H.R. 6.

The CHAIRMAN. The Chair would advise that the gentleman from Michigan (Mr. KILDEE) has 7½ minutes remaining, and the gentleman from Pennsylvania (Mr. GOODLING) has 5½ minutes remaining.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Chairman, I join my colleagues today in supporting H.R. 6.

I would first like to commend my committee colleagues for arriving at a bipartisan piece of legislation that we can stand behind and of which we can be proud. This is one of the most important bills that Congress will vote on for students and for families. It will enable every American who would like to do so to attend higher education.

As America moves into a knowledge-intensive world of the future, the focus is turning to higher education. It used to be that a high school education was important, but today one really needs a college education. When I was in school, we could get away with typing skills, but future students will have to be prepared to access computers and be able to navigate the information highway.

I believe that that bill accomplishes the goal of expanding educational opportunity, particularly for low-income individuals, and it increases the affordability of colleges for many families. It offers a better future for approximately 1 million students who attend Hispanic-serving institutions and tribally-controlled colleges in approximately 200 institutions across the Nation.

I have an SAI in my Congressional district, Santa Ana College, which serves 3,000 students, and this bill will give Santa Ana College, other institutions around the country, increased funding, support, and recognition that they need to serve all of their students.

We also included funding to expand and modernize active school programs, such as TRIO, but we did not stop at that.

□ 2030

We also created the High Hopes program which will do early intervention in middle schools across the country.

I came to Congress to make sure that every child in my district had the same opportunities for education that I had. Passing this legislation will ensure that I will carry out that mission. H.R. 6 gives struggling students the opportunity to excel and to take full advantage of their education. A ''yes'' vote on this bill is a vote for students and families and the future.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Delaware (Mr. CASTLE), another gentleman from the committee.

Mr. CASTLE. Mr. Chairman, I thank the gentleman for yielding me the time and for his erstwhile and good work on this bill, as well as a lot of other Members who worked so hard on this. I, too, as I have heard everybody else tonight, rise in support of H.R. 6.

There are a number of good reasons to support this bill but, since I only have a few minutes, I will focus on provisions to make college more affordable. While the bill includes a new low student loan interest rate and increases assistance to disadvantaged students, these provisions will not be of much help if tuition rates continue to increase, thus requiring students to take on more debt or minimizing the value of grant aid. By the way, tuition has increased more than any other commodity in this country in the last 20 years or so.

To bring some subtle downward pressure on tuition rates, this bill includes an amendment offered by the gentleman from California (Mr. MCKEON) and myself based on the recommendations of the National Commission on the Cost of Higher Education. The bill includes provisions requiring the Department of Education to review regulations regarding student financial assistance every 2 years and where possible repeal, consolidate or simplify those regulations.

It also provides Federal support for innovative projects addressing issues of productivity, efficiency, quality, improvement and cost control. And it requires GAO to issue a yearly report to Congress on various college cost factors and tuition increases.

But one of the most important provisions requires the Secretary of Education to work with colleges to develop a clear set of standards for reporting college costs and prices. Right now terms mean different things in different places, and it is not possible to compare costs at one school to costs at another.

For example, what is encompassed under the term ''research''? What is encompassed under the term ''building and facilities''? Everyone needs to be on the same page before institutions can voluntarily report on their costs in a meaningful way.

Once this occurs, then families will be able to make comparisons. They will have a clear sense of what their college tuition buys them, what schools spend their money on, what their financial priorities are. This valuable information could guide consumer choices and, more importantly, could guide institutions' spending choices.

For this reason as well as the others mentioned by my colleagues, I urge Members to give this legislation their hearty support.

Mr. KILDEE. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. ROYBAL-ALLARD).

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise in support of H.R. 6.

Our commitment to making education a national priority must be reaffirmed. We must help our youth develop their talents and the skills they need to compete in today's highly technical and competitive global economy. If we do not, our businesses will not have a skilled workforce, our economy will suffer, and even worse, we will rob our youth of the opportunity to lead meaningful and productive lives.

Mr. Chairman, H.R. 6 will help to end the tragic loss of our youth's talents, energies and abilities and prepare our country for the challenges of the 21st century. For example, H.R. 6 includes President Clinton's new High Hopes initiative which will make available outreach, mentoring and tutoring assistance for low-income students, providing the help and encouragement that many of our young people need to stay in school.

Mr. Chairman, H.R. 6 is a good bill that will help our collective effort to ensure that higher education is accessible to all our children.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. OWENS).

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

Mr. OWENS. Mr. Chairman, I too rise in support of H.R. 6. I want to congratulate all of those who made it possible.

We are grateful for the fact that there are no extremist and radical proposals in this bill, no radical proposals to roll back the Federal role in education of the kind we had in the 104th Congress, so we are grateful for that. We are grateful for the good housekeeping that has tidied up certain parts of the Higher Education Assistance Act. We are grateful for the important administrative changes that have been made. It is all good. We have some incremental increases, also, that we are grateful for.

However, I want to voice my dissent in terms of what is not here. We have missed a great window of opportunity that will not be open again until 2003. We only reauthorize this act once every 5 years, so we are going into the 21st century and we have a status quo bill that we have polished up, it is great, but at a time when the economy is booming and the information technology revolution is underway in industry, we have neglected our duty to set priorities and make projections and target to meet critical needs.

Two critical need areas we have neglected, one is we have neglected to address the information technology worker crisis. Right now there is a shortage, 300,000 vacancies across the country, and it is going to get worse. Only the Committee on the Judiciary is addressing the problem. They are going to bring in more foreign professionals to fill the gap. Instead of training our own, we are going to bring in foreign professionals.

The other critical need is in the area of more opportunity needs to be provided. We have a very complex society that we are in already and it is going to become more complex. We need more Americans to go to college, more Americans to be in college. Fifteen million is not enough. Fifteen million may seem like a lot when you consider the junior colleges and the senior colleges, but 15 million is less than 10 percent of the total population. In the complex world that we are looking at, we need more.

We need to address this problem and provide more opportunities. Instead of quarreling about affirmative action, we need to open up the gates and let more people in. That is an affirmative way to proceed to provide the kind of human capital that we need for the future.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado (Mr. BOB SCHAFFER), a very faithful and important member of the committee.

(Mr. BOB SCHAFFER of Colorado asked and was given permission to revise and extend his remarks.)

Mr. BOB SCHAFFER of Colorado. Mr. Chairman, I thank the gentleman for yielding me this time, the chairman of the committee and the distinguished Member from the State of Pennsylvania whose leadership on this issue has been exemplary.

The government quite frankly can do more to reduce the default rate where student loans are concerned. I would submit this is an important thing for us to consider and for us to pursue, because the high default rate that we are experiencing presently essentially robs resources from other worthy students who have a right to an opportunity to achieve higher education in America. That is true with public resources as well as private resources.

The reason this occurs, however, and the area where we ought to look to find a remedy is right in the Federal statute as it exists today. There is a definition in the Higher Education Act for what constitutes due diligence with respect to collecting these loans. The Department of Education unfortunately applies that standard differently under different circumstances.

I had offered an amendment in committee which would have proposed to apply this definition of due diligence evenly throughout the law in a way that would cause greater efforts to collect delinquent loans and lower the delinquency rate. That amendment was withdrawn under my direction at the request of the chairman, and it was his

belief and promise that he would work with me and the sponsor of the bill in directing the Department of Education to increase its efforts at collecting loans that are in default in a way that will effectively lower the default rate.

I am proud to say, Mr. Chairman, that the Department of Education to this point has been receptive. Just raising the level of discussion, not only in committee but right here on the floor, has done quite a lot to make progress in this regard. It is one of those examples where I think we are going to be able to resolve this problem and move in a positive direction without the necessity of additional statutes and additional regulatory law.

With that in mind, Mr. Chairman, I just want to thank the gentleman from Pennsylvania for agreeing with me and the sponsor of the bill that we will continue to press privately with the Department of Education to resolve the problem of loan defaults.

Mr. KILDEE. Mr. Chairman, I yield the balance of my time to the gentleman from Pennsylvania (Mr. FATTAH).

The CHAIRMAN. The gentleman from Pennsylvania (Mr. FATTAH) is recognized for 2 minutes.

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

Mr. FATTAH. Mr. Chairman, let me first thank the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY), and also the gentleman from California (Mr. MCKEON) and the gentleman from Michigan (Mr. KILDEE) for the excellent work product that has been produced.

I too rise in support of favorable consideration of H.R. 6. I, however, want to add to what has been said by others about an important part of this bill which is the High Hopes program, the fact that not only has it been embraced by the Clinton administration, but this is a proposal that has been bipartisan since its inception. That is, it has enjoyed the support of Members on both sides of this aisle, both in the committee and in the full House. I want the record to fully reflect that this is a bipartisan initiative.

I would also like to thank the staff who have worked so hard on this product, for Sally Stroup and also David Evans for their hard work. There are millions of American families who are going to benefit not just by the initiative that I referenced, but throughout this bill there are programs and projects that will appropriately intersect with the interests and aspirations of American families for their next generations to receive the highest possible opportunities to reach their academic potential.

Finally, I want to say that I think it says a great deal about the 105th Congress, at the same time that when we make it clear to young people that there are consequences when they act inappropriately, we are now through the High Hopes 21st century initiative making it clear when they do the right thing that there will be rewards and that we indeed expect of them the highest in terms of their achievements. Many of us will not be around in the next century when these sixth graders are going to college, but today we are not thinking about the next election, we are thinking about the next generation.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 1½ minutes.

Mr. GOODLING. Mr. Chairman, I just want to make two observations. First of all, I want to again repeat that we cut the lenders yields by 30 basis points. The students are happy. The colleges and universities are happy. The lenders are not. But it was a compromise and I think a good compromise for students and parents.

Then I do want to mention something about the National Board of Professional Teaching Standards. It was my belief that if we had 40 percent of the students that are not reading well by the end of third grade, one of the things we should be looking at is teacher training, teacher preparation. I felt we should be looking at the other end, where these teachers are beginning to start to become teachers, so that as a matter of fact we would not have that problem later on.

And so we had to find $18 million to have an offset in order to better prepare our teachers who are beginning to teach, and our teachers who are teaching who need remedial work. That is where we got that $18 million. We have to understand in 1992 when they came and asked for some money, they asked for a little bit of seed money. They said, ''That's all we want, a little bit of seed money, and then it will pay for itself.'' Since 1992, they have spent $100 million, they have certified 914 teachers, that is $100,000 apiece, none of which got into rural America and center city America where they are truly needed.

Mr. RODRIGUEZ. Mr. Chairman, I rise to discuss an issue of importance to the families of my district and to our nation as a whole—access to higher education for all children.

While I agree with many aspects of the legislation, I want to focus on significant sections of H.R. 6 that need improvement—teacher training and diversity on our college campuses.

Let me first say that I applaud the bill's inclusion of the Frank Tejeda Scholarship Program—appropriately named after a Member of this Chamber who fought to advance the education of some of our neediest students. The initiative would help bilingual individuals pay for their college education in exchange for service in schools with large limited-English proficient student populations.

While I applaud this effort we must first look at programs that will address some key problem areas such as teacher recruitment, retention and scarcity.

The current proposal would put all teacher training funds into block grants to the States. This is unacceptable. It does not ensure that we will hire, train and keep the very best teachers for our students. And it will not ensure that smaller school districts receive necessary funds to pilot professional development programs. As a former State representative, I value local input and state control. But the Federal Government has a positive, affirmative role to play—and it is more than simply transferring money.

Students not only need well trained teachers, they also need rich learning environments. We know that college students learn as much from each other as from the formal education they receive.

Therefore, we have a duty here today to ensure that we keep our colleges as a place where diversity is welcomed and respected.

My colleagues on the other side say they want a ''color-blind society''. The reality is that we don't have one and that equal opportunity does not exist for minority students. Because there is not equitable access to education we must use what we know works—affirmative action.

In my home State of Texas, overall Hispanic and African-American enrollment dropped sharply at the larger institutions of higher education as a result of he Hopwood decision, and we can't allow the trend to continue.

I oppose the Riggs amendment. It would overturn the 1978 Supreme Court decision recognizing the value of affirmative action and would deny the substantial advances that have been made through affirmative action by women and minorities. Don't be fooled into believing that you are voting for equality. Voting to end affirmative action is a vote to perpetuate inequality.

Mr. Chairman, protecting and ensuring our children's access to a good education is a most important goal. I applaud the efforts of my colleagues and the administration in bringing this important bill to the Floor, and I look forward to our collective work on this crucial issue.

Mr. CASTLE. Mr. Chairman, I have concerns about a provision included in H.R. 6 which eliminates all federal funding for the National Board for Professional Teaching Standards.

I've been aware of the Board's efforts for many years. I was Governor of Delaware when the National Governors Association called for the Board's creation in the late 1980s. I've worked with representatives of major Delaware corporations such as DuPont, who strongly support the Board's mission. And the State of Delaware, like many other states, is actively supporting the Board's objectives by providing funds to help teachers sit for Board certification, and by providing merit pay to teachers who achieve certification.

There is broad and bipartisan support for the mission and the work of NBPTS from major stakeholders in education policy: ;the governors, business, the school boards, principals, and teachers. I submit for the record a letter in support of federal funding for NBPTS, signed by several Republican and Democrat governors.

While questions have been raised about federal funding for the National Board, I believe it is possible to achieve a compromise that sets a time limit on federal funding, but allows the important work on teacher certification to be completed. I intend to work to resolve this issue in conference.

April 21, 1998.

Hon. WILLIAM F. GOODLING,
Chairman, House Committee on Education and the Workforce, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: We are writing you today to tell you of our support for the important work of the National Board for Professional Teaching Standards. As Governors, each of us believes that one of our highest priorities is to make our system of education the very best it can be and that a vitally important factor in achieving this is to improve the quality of the teaching that takes place in our classrooms. We support the voluntary process of National Board Certification because it provides us with a tool for achieving this goal. Each of us has crafted a plan to use the high and rigorous standards and assessments of the National Board in our states and we look forward to soon having the full system available to all of our teachers.

We applaud the United States Congress for providing resources for the research that launched and continues to support full development of the voluntary National Board system. For a little over six years, this research and development program has proceeded with the help of federal dollars and with accountability to the Congress.

We look to you for continued support of the federal funding for the National Board for Professional Teaching Standards at the level requested by the President for FY 1999.

Sincerely,
James B. Hunt, Jr.;
Gary Locke;
Lawton Chiles;
Thomas R. Carper;
George V. Voinovich;
Marc Racicot;
Terry E. Branstad; and
Tommy G. Thompson.

Mrs. MORELLA. Mr. Chairman, I rise in praise of Congressmen GOODLING, MCKEON, KILDEE and CLAY and all of the Members of the Committee on Education and the Workforce for their hard work and their leadership in bringing H.R. 6, the Higher Education Amendments of 1998 to the House floor in a timely manner. You deserve great credit for this thoughtful and carefully-crafted bill that will increase access to a higher education for millions of Americans.

For most Americans, student loans are the primary source of education funding. From the G.I. Bill to Pell Grants and the Stafford Loan Program, financial aid has enabled millions of working class families to send their children to college. College graduates earn, on average, 50 percent more than those with only a high school diploma.

This legislation will provide college students with the lowest interest rates for academic loans in 17 years.

The bill expands the Pell Grant Program which helps youngsters from disadvantaged backgrounds, and improves campus-based aid programs like Supplemental Education Opportunity Grants, Work Study, and Perkins Loans.

The process of applying for student loans has been simplified, and there has been an effort to reduce the regulatory burden on most colleges and universities.

Students will have more timely access to crime statistics and information that will allow them to have an accurate picture of campus safety. In addition, the bill gives the Secretary of Education the unprecedented authority to study distance learning techniques that will expand student access to a higher education.

I am particularly pleased that Congresswoman MARGE ROUKEMA offered legislation that I introduced as an amendment during the mark-up of H.R. 6. My legislation, College Access Means Parents in School (CAMPUS) Act, has been incorporated into H.R. 6 and will enable more low-income women to get a college education by providing campus-based child care centers. Often, finding affordable quality child care can be an insurmountable barrier for students who have children. The CAMPUS Act will tear down this barrier by providing financial incentives for colleges and universities to establish campus-based child care centers.

The good news is that students who have access to campus-based child care centers are more likely to stay in school and graduate than the average college student. Peace of mind that their children are being well cared for enables most of these students to achieve a higher grade point average and to complete their college education in less time than the norm.

Again, I want to commend the members of the Education and Workforce Committee for their excellent endeavors and I urge all of my colleagues to support this bill.

Mr. FAWELL. Mr. Chairman, I am very pleased to announce that the Higher Education Amendments Act of 1998, H.R. 6, which will be passed by the House today, includes compromise language permitting colleges and universities to offer voluntary age-based early retirement incentives to tenured faculty. Title X of H.R. 6 reflects compromise language acceptable to all interested parties, including Democrat and Republican leaders of the Education and Workforce Committee, the Administration, the higher education community, the American Association of University Professors (AAUP)—the well known faculty union, and other groups. This language still accomplishes the basic purposes of the bipartisan bill H.R. 3473, which I introduced on March 17, 1998 (and which was incorporated in the version of H.R. 6 reported by the Committee).

This legislation would amend the Age Discrimination in Employment Act of 1967 (ADEA) to provide a ''safe harbor'' for certain age-based voluntary early retirement incentive plans (VERIPs) offered by colleges and universities to tenured faculty. The new Title X clarifies the scope of that safe harbor in several respects from the Committee-reported version.

I support the principles of the ADEA and believe that the unique nature of faculty tenure justifies this amendment. Moreover, the ADEA already recognized the unique nature of faculty tenure. In 1986, when Congress amended the ADEA to abolish the mandatory retirement age, it included a seven year exemption for tenured faculty. When the exemption expired in December 1993, a National Academy of Sciences report raised concerns that the tenure system and diminished faculty turnover—particularly at research universities—could increase costs and limit institutional flexibility in responding to changing academic needs, particularly with regard to necessary hires in new and expanding fields and disciplines. It thus predicated its recommendation for ending mandatory retirement on the enactment of several proposals, including this legislation.

This legislation has been endorsed by the AAUP, the widely recognized union that represents university faculty. According to the AAUP, voluntary early retirement incentives are beneficial for both the faculty members who choose to retire and the institutions that need to encourage turnover to make necessary hires. Further, the voluntary nature of the proposed incentives and the double protections available to tenured faculty—the age discrimination laws and the tenure system—insure that this ''safe harbor'' cannot be used to penalize faculty members who choose not to retire. The AAUP has written to the Committee that it supports the legislation because ''the retirement incentives under discussion are offered on a voluntary basis . . . [and] the legislation would permit an offer of additional benefits. It would not permit institutions to reduce or eliminate retirement benefits that would otherwise have been available to faculty after a certain age.''

The Older Workers' Benefit Protection Act (OWBPA) did allow for two very limited age-based early retirement subsidies. When the OWBPA was enacted, the authors did discuss in detail the need for a safe harbor in defined benefit plans and noted that any plans (i.e., defined contribution plans, the plans used primarily by colleges and universities, and defined benefit plans) could utilize other early retirement incentive plans. The Committee has now decided that another very limited age-based early retirement subsidy should be permissible. This exception will be available only for faculty members with tenure at an institution of higher education. I believe that the unique nature of the tenure system and the extra protections it affords over and above the age discrimination laws justifies the creation of this exception solely for higher education institutions.

Moreover, this past January, the bipartisan National Commission on the Cost of Higher Education included this legislative initiative in its recommendations to check the skyrocketing cost of a college education. The Commission recommended that ''Congress enact a clarification to the Age Discrimination in Employment Act to ensure that institutions offering defined contribution retirement programs are able to offer early retirement incentives to tenured faculty members. The Commission endorses pending Senate Bill 153, which would accomplish this purpose.''

Title X is similar to S. 153, introduced by Senators Moynihan and Ashcroft. However, unlike the Senate version, this provision assures that no professor is denied an opportunity to receive the retirement incentive because the professor is too old. The provision requires that each otherwise eligible faculty member will have one opportunity of at least 180 days to elect to retire and receive the maximum benefit that could then be elected if the faculty member were younger. The provision clarifies that this 180-day opportunity must be afforded not only to faculty members who have attained the minimum age and satisfied the other eligibility requirements at the time the plan is established, but also to faculty members who satisfy these eligibility requirements at some later time while the plan remains in effect. The provision also requires that faculty members be given at least 180 days to plan for retirement after making their election.

The compromise language for Title X also clarifies that the ''safe harbor'' applies only to VERIPs that offer supplemental benefits, and would not apply where an institution implements any age-based reduction or cessation of benefits that would otherwise have been

available to tenured faculty. The new Title X clarifies that an institution may not cease offering a retirement or severance benefit that has been generally available to tenured faculty and, within 365 days thereafter, begin offering that benefit solely to faculty members who retire under the VERIP. The provision would not, however, preclude an institution from discontinuing benefits under an existing early retirement or exit incentive plan and substituting a VERIP within 365 days.

Finally, the new Title X clarifies that the enactment of this safe harbor is not intended to effect the application of the ADEA to any other plans or employers.

It is my hope that this legislation will contribute to containing the costs of higher education, and will be beneficial both to colleges and universities and to their faculty members who choose to retire. In the words of the AAUP, the legislation will ''provide greater flexibility in faculty retirement planning, offer a substantial retirement benefit to those professors who choose to retire under the terms of an incentive plan, and leave other professors whole in their choice to continue their careers.''

Mrs. ROUKEMA. Mr. Chairman, I rise in strong support of the Higher Education Act that we have before us today.

This bill is one of the biggest bills we will complete this Congress. These are the issues that count for the American people.

To be competitive in the global economy, we need to provide our country's youth with the means to better their education.

Mr. Speaker, we should be calling this bill ''the American Act!'' This is the legislation that will enable young people across this nation to obtain the education they need to develop their skills so that they may get the good job at good wages. In this exchange, our students get the job they want, the roof over their head and America gets hard-working, productive members of our society.

Among the many important provisions of this bill, are that this bill saves the student loan program, encourages the provision of campus-based child care, cuts down on scam schools and works on the training of our teachers.

It is a good bill that makes sense for today's students!

PELL GRANT

Clearly, one of the biggest problems facing students today is the cost of higher education. While we must do everything we can to put higher education within reach of every student, we also must do everything we can to ensure to protect our scarce resources—to ensure that they are not misused or wasted or squandered.

With this in mind I (along with Representative BART GORDON of Tennessee) introduced the ''Pell Grant Student/Taxpayer Protection Act'' that is now a part of this Higher Education Act package.

This provision prevents a postsecondary school from participating in the Pell Grant program if that school is already ineligible to participate in the federally guaranteed student loan program.

This is a critical time for our country. Congress is trying to save taxpayer dollars while improving the quality of post-secondary education for all Americans. We took strong steps toward that goal when we last reauthorized the Higher Education Act and implemented nearly 100 sorely needed reforms that were good for students and good for taxpayers.

One of those reforms was to make schools ineligible for guaranteed student loans if their loan default rates were above 25 percent three years in a row. Today's reauthorization goes further by also taking Pell Grant eligibility away from schools with high default rates. This will recover millions of dollars currently being squandered and instead put that money to work with hard-working students at legitimate schools.

Reforms such as the three-year 25 percent default criteria were intended to put an end to risk-free federal subsidies for unscrupulous, for-profit trade schools who promise students a good education that leads to a good job and then fail to deliver on that promise—at the expense of both students and the taxpayer. If these schools violate these rules, then they would be bounced from the program.

We have already determined that schools with unacceptably high student loan default rates should not be permitted to participate in the federally guaranteed student loan program. I submit that if a school is deemed ineligible to participate in the student loan program, then it should not be permitted to participate in the Pell Grant program.

I should note that when we temporarily put this restriction on abuse of Pell Grant money into effect for one year by making it a part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, we redistributed approximately $8 million to responsible schools. Since it was a part of an appropriations act, that accomplishment was only temporary. Today's action will make this provision permanently a part of the law.

This is an opportunity to stretch our Pell Grant funds by disqualifying those schools that we have already disqualified from the federally guaranteed student loan program. This allows us to make the most of our limited federal dollars!

STUDENT LOAN INTEREST RATE ISSUE

But there is another aspect of finding funds for access to college that I believe we have resolved here—the federal student loan interest rate issue. The proposal in this legislation will help save access to higher education, while helping students save on the cost of higher education.

On July 1, a change in the student loan interest rate is scheduled to take place that is believed by many independent organizations, including CRS and GAO, to possibly drive many private lenders from the student loan market.

I recognize that the change would have reduced the rate for students paying back their loans. However it would have made the loans virtually unprofitable for the banks—leading many banks to leave the market.

I am speaking today wearing two hats. One—as a longtime Member of the Postsecondary Education Subcommittee. The other hat—I serve as Chairwoman of the House Subcommittee on Financial Institutions of the House Banking Committee.

So I know this program from both sides—so to speak.

Currently, 70% of all student loans are originated by private lenders, such as the banks. Further, about 5000 banks participate in the student loan market today. If the market becomes virtually unprofitable, then many of these banks will leave the market, and leave many students without the means to a loan.

The result—student and their families being shut out of the federal student loan program and unable to obtain funds for college—is unacceptable.

Which is why we believe we have devised a plan which would retain these private lenders in the student loan program. And it is included as part of today's Higher Education Act Amendments.

This compromise provides students with a cut in the interest rate by 80 bases points, while providing banks a different interest rate, with the difference being paid by the federal government.

To students this means savings of over $1,000 per student for a $20,000 loan. But just as importantly, this means access! By providing banks with this small profit margin, they will remain in the guaranteed lending program, and will continue to make it possible for students to further their education!

TEACHER TRAINING

Another strong proposal in this Higher Education Act deals with the issue of teacher training. As we talk about raising standards for students, we should also talk about raising standards for teachers. To help our nation's students, we need to help our nation's teachers.

This bill will focus on strengthening State teacher certification requirements to improve the academic knowledge of teachers in the subject areas in which they are certified to teach. Teachers who teach math should have knowledge in math, and teachers who teach science should have knowledge in science.

This bill provides competitive grants to the Governors. It will help raise the State academic standards required to enter the teaching profession.

In some states it is harder to graduate from high school than to become a certified teacher. Something is wrong here!

According to a U.S. Department of Education report, 39.5% of science teachers had not studied science as a major or minor, 34% of mathematics teachers and 25% of English teachers were similarly teaching ''out of field.''

How can our nation's students learn science or math when their teachers do not know it?

Every classroom should have a well-educated, knowledgeable teacher.

CHILD CARE

This bill includes an amendment I offered at Committee to help society with today's child care problems. It is a sad reality that today's headlines are filled with stories that spring from the everyday struggle of families to secure safe and dependable child care. This problem is especially great for men and women who want to further their education to make a better life for them and their family.

The trends in society and the American workforce show a necessity for education beyond high school. Market demands require a higher level of educational achievement than high school. This is near impossible to achieve when reliable, quality child care is not available.

This bill includes this proposal to encourage a new public-private partnership between institutions and businesses to develop solutions to meet students' child care needs. This initiative is in the form of competitive grants to higher education institutions that would go directly to the institution to assist them in providing campus-based child care service to low-income students.

This legislation does not mandate a Federal program for child care that imposes some Washington-based requirements on local communities. In fact, this bill combines the concept of state and local control of education with the time-tested concept of the public-private partnership. This bill makes it possible for local institutions and businesses to work together to create their own program that meets the needs of their own community, whatever they may be.

We need to help students solve the child care problem. And we need to give institutions the means to put their proposals to the test. This bill helps us do that!

CONCLUSION

For all of these reasons, and many others that I do not have time to discuss today, this legislation is critical to all students.

Let's pass this legislation.

Thank you.

Mr. STUMP. Mr. Chairman, I rise today to express my appreciation for the provisions in H.R. 6 that put Montgomery GI Bill education benefits on an equal footing with benefits provided under other programs.

Unfortunately, veterans are penalized when they apply for other Federal education assistance benefits like Pell Grants.

Under current law, veterans education benefits are counted against the amount of assistance a veteran may receive from other Federal education benefit programs.

On the other hand, AmeriCorps education benefits don't reduce assistance from other Federal education assistance programs.

Thus, veterans who serve their Nation in often-hostile environments and at great risk to their lives are denied benefits solely due to their military service, and that is not right.

This bill corrects that inequity.

Mr. Chairman, I congratulate Chairman GOODLING, Subcommittee Chairman MCKEON, and their respective ranking Members, Mr. CLAY and Mr. KILDEE, for the way they have responded to this problem.

I know they have dedicated a significant amount of scarce resources to our veterans.

What they are doing will make a measurable difference in the lives of veterans pursuing an education.

Mr. Chairman, I strongly urge my colleagues to support H.R. 6.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill, modified by the amendments printed in part 1 of House Report 105–499, shall be considered as an original bill for the purpose of amendment under the 5-minute rule by title, and each title shall be considered read.

Before consideration of any other amendment, it shall be in order to consider the amendment printed in part 2 of the report if offered by the gentleman from Pennsylvania (Mr. GOODLING) or his designee. That amendment shall be considered read, shall be debatable for 20 minutes, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

If that amendment is adopted, the bill, as amended, shall be considered as an original bill for the purpose of further amendment.

No other amendment to the committee amendment in the nature of a substitute is in order unless printed in the CONGRESSIONAL RECORD. Those amendments shall be considered read.

The Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment and may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of questions shall not be less than 15 minutes.

□ 2045

AMENDMENT NO. 1 OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, pursuant to the rule, I offer an amendment printed in Part 2 of the report.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part 2 amendment printed in House Report 105–499 offered by Mr. GOODLING:

Page 8, line 5, strike ''is redesignated'' and insert ''is amended by striking subsection (a), and by redesignating subsection (b)''.

Page 23, line 21, insert ''or veterinary'' after ''medical''; and on lines 23 and 24, strike ''a graduate medical school'' and insert ''such school''.

Page 24, strike lines 22 through 24 and insert the following:

''(II) the institution has a clinical training program that was approved by a State as of January 1, 1992, or the institution's students complete their clinical training at an approved veterinary school located in the United States.

Page 33, line 7, strike ''105(b)'' and insert ''105''.

Page 58, beginning on line 21, strike part E through page 68, line 11, and insert the following:

''PART E—TEACHER QUALITY ENHANCEMENT GRANTS

''SEC. 271. PURPOSE.

''The purposes of this part are—

''(1) to provide competitive grants to States for assistance in strengthening the quality of the teaching force by improving the academic knowledge of teachers in the subject areas in which they teach;

''(2) to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach, including training in the effective uses of technologies in the classroom; and

''(3) to recruit high quality individuals, including individuals from other occupations, into the teaching force.

''SEC. 272. ELIGIBILITY.

''(a) DEFINITIONS.—For purposes of this part:

''(1) ELIGIBLE GRANT RECIPIENT.—The term 'eligible grant recipient' means—

''(A) other than for the purpose of section 273(b), a Governor of a State, except that if, pursuant to the law or constitution of such State, another individual, entity, or agency in a State that is responsible for the teacher certification and preparation activities contained in the application, such term means that individual, entity, or agency; and

''(B) for the purpose of section 273(b), an eligible partnership.

''(2) ELIGIBLE PARTNERSHIP.—The term 'eligible partnership' means an entity consisting of an exemplary private independent or State-supported public institution of higher education which prepares teachers, and a local educational agency, and which may also consist of the eligible grant recipient, other institutions of higher education, public charter schools, public and private nonprofit elementary and secondary schools, or other public and private nonprofit agencies or organizations.

''(b) APPLICATIONS.—To be eligible to receive a grant under this part, an eligible grant recipient shall, at the time of the initial grant application, submit an application to the Secretary that meets the requirements of this part.

''(c) CONTENTS OF APPLICATION.—Such application shall include a description of how the eligible grant recipient intends to use funds provided under this part and such other information and assurances as the Secretary may require.

''SEC. 273. USE OF FUNDS.

''(a) GENERAL ACTIVITIES.—The eligible grant recipient of a State that receives a grant under this subpart shall use a portion of such grant to carry out 1 or more of the following activities:

''(1) Reforming State teacher certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach.

''(2) Providing prospective teachers alternatives to schools of education through programs at colleges of arts and sciences or at nonprofit organizations.

''(3) Funding programs which establish or expand alternative routes to State certification for highly qualified individuals, including mid-career professionals from other occupations, paraprofessionals, and former military personnel.

''(4) Implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach.

''(5) Developing and implementing effective mechanisms to expeditiously remove incompetent or unqualified teachers.

''(6) Recruiting minorities, and others, into the teaching and counseling professions, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring, and support services that include pre-service and in-service components, to serve within schools which have—

''(A) a high percentage of children in poverty;

''(B) low retention rates for teachers; or

''(C) a high percentage of teachers teaching subjects for which they are not qualified to teach.

''(b) PARTNERSHIP ACTIVITIES.—An eligible partnership that receives a grant under this subpart shall use such funds to carry out 1 or more of the following activities:

''(1) Implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach;

''(2) Creating opportunities for enhanced and ongoing professional development which improves the academic content knowledge of

teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

''(3) Providing programs designed to implement the successful integration of technology into teaching and learning.

''(4) Recruiting minorities, and others, into the teaching and counseling professions, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring, and support services that include pre-service and in-service components, to serve within schools which have—

''(A) a high percentage of children in poverty;

''(B) low retention rates for teachers; or

''(C) a high percentage of teachers teaching subjects for which they are not qualified to teach.

''SEC. 274. COMPETITIVE AWARDS.

''(a) COMPETITIVE GRANTS.—

''(1) APPLICABILITY.—The Secretary shall make grants in accordance with the requirements of this subsection for any fiscal year for which the amount appropriated under section 276 does not equal or exceed $250,000,000.

''(2) COMPETITIVE BASIS FOR AWARDS.—The Secretary shall make annual grants under this subsection on a competitive basis.

''(3) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by eligible grant recipients under section 272 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

''(4) PRIORITY.—In recommending applications to the Secretary, the panel shall give priority to—

''(A) applications from States with proposals which promise initiatives to reform State teacher certification requirements which are designed to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach or which include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach; and

''(B) eligible partnership applications which—

''(i) include the eligible grant recipient and demonstrate a high degree of collaboration with the State agency responsible for teacher certification and preparation; and

''(ii) include a local educational agency which includes a school with—

''(I) a high percentage of children in poverty;

''(II) low retention rates for teachers; or

''(III) a high percentage of teachers teaching subjects for which they are not qualified to teach.

''(5) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subsection (c), the extent to which the application furthers the purposes of this part, and the overall quality of the application, based on the quality and scope of State-supported strategies to improve quality of teacher preparation and their teaching force.

''(6) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made. The Secretary shall use ⅓ of the funds made available under this part to fund applications submitted by eligible partnerships.

''(7) SECRETARIAL SELECTION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine, based on the peer review panel's recommendations, which applications shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

''(B) EFFECT OF RANKING BY PANEL.—In making grants under this part, the Secretary shall select applications according to the ranking of the applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

''(b) FORMULA GRANTS.—

''(1) ALLOTMENT.—For any fiscal year for which the amount appropriated to carry out this part exceeds $250,000,000, the Secretary shall make allotments to the eligible grant recipient of each State, pursuant to the formula described in paragraph (2), to enable the eligible grant recipient to carry out the activities under this part, including the funding of eligible partnerships to carry out activities described in section 273(b).

''(2) ALLOTMENT FORMULA.—For any such fiscal year, an eligible grant recipient from each State that submits an application under section 272(a) shall receive an allotment under this part in an amount that bears the same ratio to the amount appropriated as the school age population ages 5 through 17 of the State bears to the school age population ages 5 through 17 of all the States, except that no State shall receive less than an amount equal to ¼ of 1 percent of the total amount.

''(c) ADDITIONAL REQUIREMENTS.—

''(1) MATCHING REQUIREMENT.—Each State receiving funds under this part shall provide, from non-Federal sources, an amount equal to ½ of the amount of the grant in cash or in kind to carry out the activities supported by the grant.

''(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible recipient that receives a grant under this part may use not more than 2 percent of the grant funds for administrative costs.

''(3) REPORTING.—

''(A) IN GENERAL.—An eligible grant recipient that receives a grant under this section shall submit an accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such reports shall include a description of the degree to which substantial progress has been made in meeting the following goals:

''(i) Raising the State academic standards required to enter the teaching profession.

''(ii) Increasing the percentage of classes taught in core academic subject areas by teachers fully certified by the State to teach in those subject areas.

''(iii) Decreasing shortages of qualified teachers in poor urban and rural areas.

''(iv) Increasing opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

''(B) ACCOUNTABILITY OF STATE INSTITUTION OF HIGHER EDUCATION.—Prior to receiving funds under this part, an eligible grant recipient shall demonstrate that at least 80 percent of graduates of each of the exemplary institutions of higher education in any eligible partnership described in section 273(a)(2) who enter the field of teaching pass all applicable State qualification assessments of new teachers, which must include assessments of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher provides instruction. Prior to each subsequent receipt of funds under this part, such State shall demonstrate that 70 percent of the graduates of each institution of higher education in the State have met such goal and continue to progress to exceed such goal. Such assessment shall be at least as rigorous as those in place on the date of enactment of this Act and shall have qualifying scores no lower than those in place on the date of enactment of this Act.

''(C) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under subparagraph (A) to the peer review panel convened under subsection (a)(3). The panel shall use such accountability report in recommending applications for subsequent funding under this section.

''(4) TEACHERS QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that participates as an eligible recipient or partner under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school in the local educational agency, information regarding the qualifications of the student's classroom teacher, both generally and with regard to the subject matter in which the teacher provides instruction.

''SEC. 275. LIMITATIONS.

''(a) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this part.

''(b) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

''(c) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any national system of teacher certification.

''SEC. 276. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the fiscal years 1999 through 2003.''.

Page 68, after line 11, insert the following new sections (and redesignate the succeeding section and conform the table of contents accordingly):

SEC. 206. CAMPUS SAFETY.

(a) GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.—Title II is further amended by adding at the end the following new part:

''PART F—GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES

''SEC. 281. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

''(a) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education for use to provide training to administrators, security personnel, and campus personnel and student organizations for the purpose of developing and strengthening effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victims services agencies.

''(2) AWARD BASIS.—The Secretary shall award grants and contracts under this section on a competitive basis.

''(3) EQUITABLE PARTICIPATION.—The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions in the activities assisted under this part.

''(4) PRIORITY.—In the award of grants and contracts under this section, the Secretary shall give priority to institutions of higher education or consortia of such institutions that show the greatest need for the sums requested.

''(b) USE OF GRANT FUNDS.—Funds provided under this part may be used for the following purposes:

''(1) To provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual assaults, stalking, and domestic violence.

''(2) To implement and operate education programs for the prevention of violent crimes against women.

''(3) To develop, enlarge, or strengthen support services programs including medical or psychological counseling for victims of sexual offense crimes.

''(4) To create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action.

''(5) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

''(6) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

''(7) To develop, enlarge, or strengthen victim services programs for local campuses and to improve delivery of victim services on campuses.

''(8) To provide capital improvements (including improved lighting and communications facilities but not including the construction of buildings) on campuses to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

''(9) To support improved coordination between campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

''(c) APPLICATIONS.—

''(1) IN GENERAL.—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

''(2) CONTENTS.—Each application submitted under paragraph (1) shall—

''(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

''(B) describe how the campus authorities shall consult and coordinate with nonprofit and other victim services programs, including sexual assault and domestic violence victim services programs;

''(C) provide measurable goals and expected results from the use of the grants funds;

''(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made available by the applicant for the purpose described in this part; and

''(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

''(3) COMPLIANCE WITH CAMPUS CRIME REPORTING REQUIRED.—No institution of higher education shall be eligible for a grant under this section unless such institution is in compliance with the requirements of section 485(f) of this Act.

''(d) REPORTING.—Not later than 180 days after the end of the fiscal year for which grants are made under this part, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

''(1) the number of grants and funds distributed under this part;

''(2) a summary of the purposes for which these grants were provided and an evaluation of their progress;

''(3) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, disability, relationship to offender, geographic distribution, and type of campus; and

''(4) an evaluation of the effectiveness of programs funded under this part, including an evaluation based on the reduction observed in crimes reported pursuant to section 485(f).

''(f) GRANTEE REPORTING.—Upon completion of the grant or contract period under this section, the grantee institution or consortium of such institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

''(g) DEFINITIONS.—In this part—

''(1) the term 'domestic violence' includes acts or threats of violence, not including acts of self-defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction;

''(2) the term 'sexual assault' means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison and includes both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

''(3) the term 'victim services' means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women's centers, rape crisis centers, battered women's shelters, and other sexual assault or domestic violence programs including campus counseling support and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

''(h) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

Page 108, line 19, insert ''State agencies,'' after ''such as''.

Page 132, line 15, strike ''computer-related careers'' and insert ''careers in information technology''.

Page 135, line 12, strike ''September 30, 2001'' and insert ''the earlier of the date of enactment of the Higher Education Amendments of 1998 or October 1, 1998''.

Page 141, beginning on line 22, strike paragraph (5) through page 142, line 4, and insert the following:

''(5) interest earned on the Federal Fund during the first 3 years after the date of enactment of this section by a limited number of guaranty agencies (not to exceed 10) that demonstrate to the Secretary the potential for a negative cash flow in the Operating Fund during the restructuring of their operations in accordance with the requirements of this section and section 422A.

Page 144, line 23, strike ''$30,000,000'' and insert ''$43,000,000''.

Page 145, line 16, strike ''$150,000,000'' and insert ''$215,000,000''.

Page 145, line 21, insert ''agency'' after ''guaranty''.

Page 148, strike lines 10 through 17 and insert the following:

(3) GUARANTY AGENCY RESERVE LEVEL.—Section 428(c)(9) is amended—

(A) in subparagraph (A), by striking ''.5 percent'' and inserting ''0.25 percent''; and

(B) in subparagraph (C)—

(i) by striking ''80 percent pursuant to section 428(c)(1)(B)(ii)'' and inserting ''85 percent pursuant to paragraph (1)(B)(i) of this subsection''; and

(ii) by striking ''30 working days'' and inserting ''45 working days''.

Page 149, beginning on line 23, strike ''presented that the guaranty agency successfully brings'' and insert ''paid as a result of the loan being brought''.

Page 150, beginning on line 8, strike ''the borrower'' and all that follows through the period on line 10 and insert the following: ''at least 12 months has elapsed between the date the borrower became current in his or her payments and the date the lender filed a subsequent default aversion assistance request.''.

Page 153, strike lines 5 through 12 and insert the following:

''(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, 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 the lesser of—

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

''(ii) 3.1 percent; or

''(B) 9.0 percent.

''(4) CONSOLIDATION LOANS.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after October 1, 1998, the applicable rate of interest shall be at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

''(A) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or

''(B) 8.25 percent.

Page 154, line 8, after ''paragraph,'' insert ''and except as provided in subparagraph (B),''.

Page 155, line 10, strike ''clause (iv)'' and insert ''clause (v)''.

Page 155, strike lines 12 through 23 and insert the following:

''(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or

after October 1, 1998, and for which the applicable interest rate is determined under section 427A(a)(4), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (v) of this subparagraph.

''(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS AND CONSOLIDATION LOANS.—In the case of PLUS loans made under section 428B and disbursed on or after July 1, 1998, for which the interest rate is determined under 427A(a)(3), a special allowance shall not be paid for such loan unless the rate determined under subparagraph (A) of such section (without regard to subparagraph (B) of such section) exceeds 9.0 percent. In the case of consolidation loans made under section 428C for which the application is received by an eligible lender on or after October 1, 1998, and for which the applicable interest rate is determined under section 427A(a)(4), a special allowance shall not be paid for such loan unless the rate determined under subparagraph (A) of such section (without regard to subparagraph (B) of such section) exceeds 8.25 percent.''.

(2) CONSOLIDATION LOANS.—Section 428C(c)(1) (20 U.S.C. 1078–3) is amended—

(A) by striking everything preceding subparagraph (D) and inserting the following:

''(1) INTEREST RATE.—(A) Except as provided in subparagraph (B), with respect to any loan made under this section for which the application is received by an eligible lender on or after October 1, 1998, the applicable interest rate shall be determined under section 427A(a)(4).''; and

(B) by redesignating subparagraph (D) as subparagraph (B).

(3) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking ''In the case'' and inserting ''Subject to subparagraph (F), in the case''.

Page 156, strike line 21 and all that follows through page 157, line 5, and insert the following:

that sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

Page 157, line 6, strike ''clause (ii) of''.

Page 164, strike lines 21 and 22 and insert the following:

''(2) LIMITATIONS ON BLANKET CERTIFICATE OF GUARANTY.—(A) An eligible lender may not make a loan to a borrower under this section after such lender receives a notification from the guaranty agency that the borrower is not an eligible borrower.

''(B) A guaranty agency and eligible lender

Page 171, strike line 23 and all that follows through page 172, line 6, and insert the following:

statement that sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.''.

Page 172, after line 22, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) CAPITALIZATION OF INTEREST.—Section 428H(e)(2) is amended to read as follows:

''(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

''(A) be paid monthly or quarterly; or

''(B) be added to the principal amount of the loan by the lender only—

''(i) when the loan enters repayment;

''(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

''(iii) at the expiration of a period of deferment; and

''(iv) when the borrower defaults.

Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.''.

Page 176, line 5, insert ''in accordance'' after ''note''.

Page 184, after line 16, insert the following new subsections:

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(*l*) is amended—

(A) by striking ''180 days'' and inserting ''270 days''; and

(B) by striking ''240 days'' and inserting ''330 days''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

(e) COHORT DEFAULT RATE: REHABILITATION.—Section 435(m)(2)(C) is amended by adding at the end the following new sentences: ''Within 2 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary shall, by regulation, require guaranty agencies to collect data with respect to defaulted loans in a manner that will permit the identification of any defaulted loan for which (i) the borrower is currently making payments and has made not less than 6 consecutive on-time payments by the end of such following fiscal year, and (ii) a guaranty agency has renewed the borrower's title IV eligibility as provided in section 428F(b). Upon a determination by the Secretary that such data is available, the Secretary shall, by regulation, prescribe the extent to which any such defaulted loan may be excluded from the calculation of the cohort default rate under this subsection.''.

Page 184, beginning on line 18, strike subsection (a) through line 22 (and redesignate the succeeding subsections accordingly).

Page 184, line 23, strike ''(b) DISCHARGE.—''.

Page 203, after line 2, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

''(4) CONSOLIDATION LOANS.—Any Federal Direct Consolidation loan for which the application is received on or after October 1, 1998, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

''(i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or

''(ii) 8.25 percent.

Page 203, line 23, strike ''The amendments'' and insert ''Except as otherwise provided therein, the amendments''.

Page 220, line 14, strike ''and'' and after line 14 insert the following new subparagraph (and redesignate the succeeding subparagraph accordingly):

(F) in paragraph (3)(A)(i), by striking ''(H), or (I)'' and inserting ''(H), (I), (J), or (K)''; and

Page 224, strike lines 15 though 21 and insert the following:

''(6) ALLOWANCE FOR PARENTS' NEGATIVE ADJUSTED AVAILABLE INCOME.—The allowance for parents' negative adjusted available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (2) exceeds the sum of the parents' total income (as defined in section 480) and the family contribution from assets (as determined in accordance with subsection (c).''.

Page 227, line 17, strike ''1997–1998'' and insert ''1999–2000''.

Page 227, line 25, strike ''1996'' and insert ''1998''.

Page 228, after line 2, insert the following new section (and redesignate the succeeding sections and conform the table of contents accordingly):

SEC. 452. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.

Section 479 is amended—

(1) in subsection (b)(3)—

(A) in the matter preceding subparagraph (A), by striking ''this paragraph'' and inserting ''this subsection, or subsection (c), as the case may be,'';

(B) in subparagraph (A), by striking ''or'' at the end thereof;

(C) by redesignating subparagraph (B) as subparagraph (C); and

(D) by inserting after subparagraph (A) the following new subparagraph:

''(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a qualifying form only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph(A); or'';

(2) in subsection (c)—

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

''(A) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or certify that they are not required to file an income tax return and the student files, or is eligible to file, such a form, or certifies that the student is not required to file an income tax return; and''; and

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

''(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or certifies that the student (and the student's spouse, if any) is not required to file an income tax return; and''.

Page 231, line 15, strike ''and'', and after such line insert the following new subparagraph (and redesignate the succeeding subparagraph accordingly):

(C) by striking the second sentence and inserting the following: ''The Secretary shall include on the form developed under this subsection such data items as the Secretary determines are appropriate for inclusion, selected in consultation with States to assist in the awarding of State financial assistance, except that in no case shall the number of such data items be less than the number included on the form on the date of enactment of the Higher Education Amendments of 1998.''; and

Page 232, line 12, strike ''graph'' and insert ''graphs''.

Page 233, strike lines 6 through 18, and on line 19, strike ''No fee shall'' and insert the following:

''(C) No fee shall

Page 234, line 17, strike the close quotation marks and following period and after such line insert the following new paragraph:

''(6) SUPPORT TO THIRD PARTY SERVICERS AND PRIVATE SOFTWARE PROVIDERS.—The Secretary shall support private organizations and consortia thereof in the development of software used by eligible institutions for the administration of funds under this title. The Secretary shall provide in a timely manner to such organizations and consortia all necessary specifications that data and software developed, produced, and distributed (including any diskette, modem, or network communications) must meet. These specifications shall contain record layouts for required data and test cases that such organizations or consortia may use to test the accuracy of its software. The Secretary shall develop in advance of each processing cycle an annual schedule for providing such specifications. The Secretary shall, to the extent

practicable, use means of providing such support, including conferences and other meetings, outreach, and technical support mechanisms (including telephone support, training and printed reference materials). The Secretary shall, from time to time, solicit from such organizations and consortia means of improving the support provided by the Secretary.''.

Page 235, line 12, strike ''and''; on line 17, strike the period and insert ''; and''; and after line 17 insert the following new paragraph:

(3) in paragraph (5), by striking ''Trust Territory of the Pacific Islands'' and inserting ''the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau''.

Page 235, strike lines 18 through 20 and insert the following:

(b) TERMINATION OF ELIGIBILITY.—Section 484(j) is amended to read as follows:

''(j) ASSISTANCE UNDER SUBPARTS 1 AND 3, OF PART A, AND PART C.—Notwithstanding any other provision of law, a student shall be eligible until September 30, 2001, if otherwise qualified, for assistance under subparts 1 and 3 of part A, and part C, of this title, if the student is otherwise qualified and—

''(1) is a citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, and attends an institution of higher education in Guam or a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau; or

''(2) meets the requirements of subsection (a)(5) and attends a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.''.

Page 236, line 2, after ''income,'' insert ''Federal income taxes paid,''.

Page 245, line 17, strike the close quotation marks and following period and after such line insert the following:

''(10) Nothing in this section shall require the reporting or disclosure of privileged information.''.

Page 252, line 16, after the period insert the following:

Each application shall include—

''(1) a description of the institution or consortium's consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

''(2) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

''(3) a description of the distance education programs to be offered;

''(4) a description of the students to whom distance education programs will be offered;

''(5) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

''(6) such other information as the Secretary may require.

Page 252, line 18, insert ''of'' after ''sample''.

Page 253, strike lines 9 and 10 and insert the following:

''(A) the extent to which the institution or consortia of institutions has met the goals set forth in its application to the Secretary, including the measures of program quality assurance;

Page 262, line 15, insert ''and'' after the semicolon, and strike lines 16 through 20 and insert the following:

(I) by striking ''(J), and (L)'' and inserting ''and (K)'';

Page 306, strike line 14, and insert the following: ''this part for''.

Page 335, after line 15, insert the following new section (and conform the table of contents accordingly):

SEC. 808. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

The Secretary shall, in consultation with the Secretary of Veterans Affairs, develop and implement a procedure under which Department of Veterans Affairs physicians shall provide the certification and affidavits needed to enable eligible disabled veterans to document their eligibility for deferments and cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of the enactment of this Act, the Secretaries of Education and Veterans Affairs shall jointly report to Congress on the progress made in developing and implementing this procedure.

Page 345, beginning on line 9, strike subsection (c) (and redesignate the succeeding subsections accordingly).

Page 347, beginning on line 1, strike title X and insert the following:

TITLE X—FACULTY RETIREMENT PROVISIONS

SEC. 1001. VOLUNTARY RETIREMENT INCENTIVE PLANS.

(a) IN GENERAL.—Section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) is amended by adding at the end the following:

''(m) Notwithstanding subsection (f)(2)(B), it shall not be a violation of subsection (a), (b), (c), or (e) solely because a plan of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) offers employees who are serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure) supplemental benefits upon voluntary retirement that are reduced or eliminated on the basis of age, if—

''(1) such institution does not implement with respect to such employees any age-based reduction or cessation of benefits that are not such supplemental benefits, except as permitted by other provisions of this Act;

''(2) such supplemental benefits are in addition to any retirement or severance benefits which have been offered generally to employees serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure), independent of any early retirement or exit-incentive plan, within the preceding 365 days; and

''(3) any employee who attains the minimum age and satisfies all non-age-based conditions for receiving a benefit under the plan has an opportunity lasting not less than 180 days to elect to retire and to receive the maximum benefit that could then be elected by a younger but otherwise similarly situated employee, and the plan does not require retirement to occur sooner than 180 days after such election.''.

(b) PLANS PERMITTED.—Section 4(i)(6) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(i)(6)) is amended by adding after the word ''accruals'' the following: ''or it is a plan permitted by subsection (m).''

(c) CONSTRUCTION.—Nothing in the amendment made by subsection (a) shall affect the application of section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) with respect to—

(1) any plan described in subsection (m) of section 4 of such Act (as added by subsection (a)), for any period prior to enactment of such Act;

(2) any plan not described in subsection (m) of section 4 of such Act (as added by subsection (a)); or

(3) any employer other than an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall take effect on the date of enactment of this Act.

(2) EFFECT ON CAUSES OF ACTION EXISTING BEFORE DATE OF ENACTMENT.—The amendment made by subsection (a) shall not apply with respect to any cause of action arising under the Age Discrimination in Employment Act of 1967 prior to the date of enactment of this Act.

The CHAIRMAN. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GOODLING) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the manager's amendment makes several significant changes to H.R. 6 as reported by the committee. We did not stop working after we voted this out of committee. We continued working to try to iron out some differences that had arisen during the markup.

The amendment reflects a bipartisan agreement with respect to an issue in which Members on both sides of the aisle have expressed much concern, the quality of our Nation's teachers. It is alarming to find that nearly one-third of all high school math teachers and over one-fifth of all high school English teachers in this country have neither majored nor minored in those subjects. It is our intent to provide support to efforts that many States have begun to undertake to improve the quality and ability of classroom teachers, beginning with the institution at which many of these teachers are prepared.

Provisions that were worked out in a bipartisan manner which are now part of this amendment include: an increased emphasis on partnerships consisting of a Governor of a participating State, exemplary schools of education and local educational agencies; focusing the teacher recruitment provisions on those schools most in need of quality teachers, such as in poor urban and rural areas; and including a trigger to change this program from a competitive to a formula grant program if appropriations are over $250 million.

I look forward to the support of my colleagues for this compromise so that we can help States really reform teacher preparation programs and provide high-quality teachers for all of our States.

This amendment also includes a program to provide grants to combat violent crimes against women on college campuses, which was discussed by the committee during the markup. The program authorizes the Secretary of Education to provide grant assistance to institutions of higher education for use in providing training to administrators, security personnel, campus personnel and student organizations in order to strengthen security measures

and improve victim services for women who are victims of violent crimes. However, institutions that fail to comply with the current campus crime reporting requirements found in the Higher Education Act will not be eligible for any assistance under this program.

We have made modifications to the development of the Free Application for Federal Student Aid that were requested by States in order to ensure that data items necessary to assist States in the awarding of State financial assistance are included on the form.

We have established interest rates for consolidation loans made on or after October 1, 1998, that will provide borrowers with an interest rate based on the weighted average of their loans consolidated, capped at a maximum rate of 8.25 percent. This new rate will afford students additional interest rate relief, particularly for those students who borrow Stafford loans at the new rate of 91-day Treasury bill plus 2.3 percent and consolidate those with other loans at higher interest rates.

The amendment establishes clear application requirements for institutions of higher education that wish to offer expanded distance education programs to students. The application requirements are designed to ensure that students are being provided quality education through distance education program.

Finally, the amendment includes offsets from the Committee on Education and the Workforce jurisdiction needed in order to bring H.R. 6 to the floor and provide Members with an assurance the bill will be budget neutral.

I want to thank the gentleman from Georgia (Mr. GINGRICH), the gentleman from Texas (Mr. ARMEY) and the gentleman from Ohio (Mr. KASICH) for their cooperation in this effort. Without their assistance, it would have been impossible for us to be here today talking about a bill to provide students the lowest interest rates in 17 years.

There are many more technical changes and corrections that I will not review in detail. I want to thank my colleagues on the other side of the aisle for their hard work and cooperation in putting this package of amendments together, and I urge its adoption.

Mr. Chairman, I reserve the balance of my time.

Mr. KILDEE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise to urge my colleagues to join me in supporting the manager's amendment that is now before us.

Mr. Chairman, this amendment makes several changes that significantly improve the bill as it was reported out of committee. The changes in the Teacher Quality Enhancement Grants are especially important.

The overall authorization of such sums and the provision that the program will become a State grant when appropriations reach $250 million mean that the authorizers intend that this be a major teacher initiative. The provision that partnerships involving institutions of higher education and local education agencies receive one-third of the funds means that we will have a ''ground up'' reform not only of teaching but also in the recruitment of teachers.

The emphasis on serving school districts with a high level of poverty, low teacher retention rates or a high percentage of teachers teaching outside their specialization means we will be focusing funds on those areas most in need.

The new grant program to combat violent crimes against women in college campuses is a very important provision. I commend the gentlewoman from California (Ms. WOOLSEY) for her deep commitment to this issue and for her persistence in seeing it through to a most successful conclusion.

The loan consolidation provision will give students the ability to consolidate their outstanding loans at a weighted interest rate not to exceed 8.25 percent. While these provisions could be improved, they undoubtedly represent a considerable improvement over current law.

We have also significantly improved the faculty retirement provisions. They now enjoy the support of both the college community and organizations representing retired persons. These provisions have required a considerable amount of work and give and take, and I am exceptionally pleased at the result.

Mr. Chairman, I urge the passage of the manager's amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

Mr. KILDEE. Mr. Chairman, I yield 1 minute to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT. Mr. Chairman, I would like to thank my friend from Michigan for yielding this time to me, and I want to express my thanks to the chairman and ranking members of the full committee and subcommittee for agreeing to include in the manager's amendment an amendment I offered during full committee consideration. This amendment will help improve the accuracy and reliability of student loan data and further reduce the rate of student loan defaults.

Many schools have made progress in decreasing the rate of loan defaults. My amendment will encourage more vigorous efforts by schools and the lending community to bring defaulters back into repayment status through a process called loan rehabilitation. The result will be that more schools will be able to participate in the loan program and more students will be able to achieve their dreams by attending college.

Mr. Chairman, I want to thank our committee leadership for accommodating this request and working with me to ensure that this amendment was incorporated in H.R. 6 through the manager's amendment.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Chairman, I would like to thank the ranking member for yielding this time to me, and I rise in support of the manager's amendment.

I would like to thank the chairman and the subcommittee chairman and the ranking members for their cooperation in solving what I believe is a significant problem with respect to the age discrimination law by including in the manager's amendment an excellent provision which will permit institutions around the country to offer early retirement incentive packages to members of the faculty at those universities.

I think this is an excellent piece of legislation that accomplishes three important objectives.

First of all, it is very fair and balanced and treats the members of the faculty in a very fair and evenhanded way. It is very important to note that everyone under this plan will receive full health benefits, and it is purely voluntary with respect to participation.

Second, this is an important cost-saving mechanism for universities and institutions around the country. I believe it is a very solid first step toward the goal of the gentleman from California (Mr. MCKEON) of trying to make college more affordable by addressing the issue of college cost inflation.

Third, I believe that this is an important mechanism for the recruitment of new young faculty. Particularly, I believe this will open the tenure track to many women and minority faculty who have not had the opportunity to advance up through the ranks in prior years.

In summation, Mr. Chairman, I would like to thank those who have worked with us on making this provision a reality, and I urge support of this amendment in its entirety.

Mr. KILDEE. Mr. Chairman, I urge a yes vote, and I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

The amendment was agreed to.

The CHAIRMAN. The Chair announces that there are four sections preceding title I.

The Clerk will designate section 1.

The text of section 1 is as follows:

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 ''Higher Education Amendments of 1998''.

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.
Sec. 4. General effective date.

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

Sec. 101. Redesignation and transfer of provisions.
Sec. 102. Definitions.
Sec. 103. Regulatory reform.

PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Sec. 111. Performance-based organization for the delivery of Federal student financial assistance.

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

Sec. 201. Urban community service.
Sec. 202. Fund for the Improvement of Postsecondary Education.
Sec. 203. Grants to States for workplace and community transition training for incarcerated youth offenders.
Sec. 204. Advanced placement fee payment program.
Sec. 205. Teacher quality enhancement grants.
Sec. 206. Additional repeal.

TITLE III—INSTITUTIONAL AID

Sec. 301. Strengthening institutions.
Sec. 302. Historically black colleges and universities.
Sec. 303. Minority science and engineering improvement program.
Sec. 304. General provisions.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

Sec. 401. Pell grants.
Sec. 402. Federal TRIO programs.
Sec. 403. National early intervention and partnership program.
Sec. 404. Repeals.
Sec. 405. Establishment of new programs.
Sec. 406. Federal supplemental educational opportunity grants.
Sec. 407. Grants to States for State student incentives.
Sec. 408. Special programs for students whose families are engaged in migrant and seasonal farmwork.
Sec. 409. Byrd scholarships.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

Sec. 411. Limitation repealed.
Sec. 412. Advances to reserve funds.
Sec. 413. Guaranty agency reforms.
Sec. 414. Scope and duration of program.
Sec. 415. Limitations on individual federally insured loans and Federal loan insurance.
Sec. 416. Applicable interest rates.
Sec. 417. Federally guaranteed student loans.
Sec. 418. Voluntary agreements with guaranty agencies.
Sec. 419. Federal consolidation loans.
Sec. 420. Disbursement.
Sec. 421. Unsubsidized Stafford loans.
Sec. 422. Repeal of loan forgiveness.
Sec. 423. Legal powers and responsibilities.
Sec. 424. Student loan information.
Sec. 425. Definitions.
Sec. 426. Discharge.
Sec. 427. Cancellation of loans for certain public service.
Sec. 428. Debt management options.
Sec. 429. Special allowances.

PART C—FEDERAL WORK-STUDY PROGRAMS

Sec. 435. Amendments to part C.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

Sec. 436. Selection of institutions.
Sec. 437. Terms and conditions.
Sec. 438. Contracts.
Sec. 439. Funds for administrative expenses.
Sec. 440. Authority to sell loans.
Sec. 441. Cancellation of loans for certain public service.

PART E—FEDERAL PERKINS LOANS

Sec. 445. Amendments to part E.

PART F—NEED ANALYSIS

Sec. 446. Cost of attendance.
Sec. 447. Data elements.
Sec. 448. Family contribution for dependent students.
Sec. 449. Family contribution for independent students without dependents other than a spouse.
Sec. 450. Family contribution for independent students with dependents other than a spouse.
Sec. 451. Regulations; updated tables and amounts.
Sec. 452. Discretion of student financial aid administrators.
Sec. 453. Treatment of other financial assistance.

PART G—GENERAL PROVISIONS

Sec. 461. Definitions.
Sec. 462. Master calendar.
Sec. 463. Forms and regulations.
Sec. 464. Student eligibility.
Sec. 465. State court judgments.
Sec. 466. Information for students.
Sec. 467. National student loan data system.
Sec. 468. Program participation agreements.
Sec. 469. Quality assurance and regulatory simplification.
Sec. 470. Distance education demonstration programs.
Sec. 471. Garnishment requirements.
Sec. 472. Administrative subpoena authority.
Sec. 473. Advisory committee on student financial assistance.
Sec. 474. Meetings and negotiated rulemaking.

PART H—PROGRAM INTEGRITY

Sec. 476. State postsecondary review program.
Sec. 477. Accrediting agency recognition.
Sec. 478. Eligibility and certification procedures.
Sec. 479. Program review and data.

TITLE V—DEVELOPING INSTITUTIONS

Sec. 501. Establishment of new title V.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

Sec. 601. International and foreign language studies.
Sec. 602. Business and international education programs.
Sec. 603. Institute for international public policy.
Sec. 604. General provisions.
Sec. 605. Transfer and reauthorization of graduate assistance in areas of national need program.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Sec. 701. Extension of prior rights and obligations.
Sec. 702. Repeal of part A.
Sec. 703. Extension of authorization of part B.
Sec. 704. Extension of authorization of part C.

TITLE VIII—ADDITIONAL PROVISIONS

Sec. 801. Study of transfer of credits.
Sec. 802. Study of market mechanisms in Federal student loan programs.
Sec. 803. Improvements in market information and public accountability in higher education.
Sec. 804. Differential regulation.
Sec. 805. Annual report on cost of higher education.
Sec. 806. Repeals of previous higher education amendments provisions.
Sec. 807. Limitation.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

SUBPART 1—GALLAUDET UNIVERSITY

Sec. 901. Board of Trustees membership.
Sec. 902. Elementary and secondary education programs.
Sec. 903. Agreement with Gallaudet University.

SUBPART 2—NATIONAL INSTITUTE FOR THE DEAF

Sec. 911. Agreement for the National Technical Institute for the Deaf.

SUBPART 3—GENERAL PROVISIONS

Sec. 921. Definitions.
Sec. 922. Audits.
Sec. 923. Reports.
Sec. 924. Monitoring, evaluation, and reporting.
Sec. 925. Responsibility of the liaison.
Sec. 926. Federal endowment programs.
Sec. 927. Scholarship program.
Sec. 928. Oversight and effect of agreements.
Sec. 929. International students.
Sec. 930. Authorization of appropriations.

PART B—EXTENSION AND REVISION OF INDIAN HIGHER EDUCATION PROGRAMS

Sec. 951. Tribally controlled colleges and universities.
Sec. 952. Reauthorization of provisions from Higher Education Amendments of 1992.
Sec. 953. Reauthorization of Navajo Community College Act.

TITLE X—FACULTY RETIREMENT PROVISIONS

Sec. 1001. Voluntary retirement incentive plans.

The CHAIRMAN. Are there any amendments to section 2?

If not, the Clerk will designate section 3.

The text of section 3 is as follows:

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.).

The CHAIRMAN. Are there any amendments to section 3?

If not, the Clerk will designate section 4.

The text of section 4 is as follows:

SEC. 4. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this Act or the amendments made by this Act, the amendments made by this Act shall take effect on October 1, 1998.

The CHAIRMAN. Are there any amendments to section 4?

If not, the Clerk will designate title I.

The text of title I is as follows:

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

SEC. 101. REDESIGNATION AND TRANSFER OF PROVISIONS.

(a) IN GENERAL.—

(1) REPEAL OF TITLE I.—Title I (20 U.S.C. 1001 et seq.) is repealed.

(2) REPEAL OF TITLE XII PROVISIONS.—The following sections of title XII are repealed: sections 1206, 1211, and 1212 (20 U.S.C. 1145a, 1145e, 1145f).

(3) REDESIGNATIONS.—

(A) Title XII is redesignated as title I.

(B) Sections 1201, 1202, and 1203 (20 U.S.C. 1141, 1142, 1143) are redesignated as sections 101, 102, and 103, respectively.

(C) Section 1204(b), as redesignated by section 251 of the Higher Education Amendments of 1968 (20 U.S.C. 1144(b); 82 Stat. 1042), is redesignated as section 104.

(D) Section 1204, as added by section 1201 of the Education Amendments of 1980 (20 U.S.C. 1144a; 94 Stat. 1495), is redesignated as section 105.

(E) Sections 1205, 1207, 1208, 1209, 1210, and 1213 (20 U.S.C. 1145, 1145b, 1145c, 1145d, 1145d-1, and 1145g) are redesignated as sections 106 through 111, respectively.

(4) TRANSFER.—Title I (including sections 101 through 111), as redesignated by paragraph (3), is transferred to immediately follow the short title of the Higher Education Act of 1965 (20 U.S.C. 1001 note).

(b) INTERNAL CROSS-REFERENCES.—The Higher Education Act of 1965 is amended—

(1) in section 106 (as redesignated by subsection (a)(3)), by striking ''481(a)'' and inserting ''101(a)'';

(2) in section 485(f)(1)(I), by striking ''section 1213'' and inserting ''section 111'';

(3) in section 498(j)(2), by striking ''section 1201(a)(2)'' and inserting ''section 101(a)(2)'';

(4) in section 591(d)(2), by striking ''section 1201(a)'' and inserting ''section 101(a)(1)''; and

(5) in section 631(a)(8), by striking ''section 1201(a)'' each place it appears and inserting ''section 101(a)(1)''.

(c) CONFORMING AMENDMENTS.—

(1) TITLE 10, UNITED STATES CODE.—Sections 2193(c)(1) and 2199(2) of title 10, United States Code, are each amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(2) TITLE 18, UNITED STATES CODE.—Section 207(j)(2)(B) of title 18, United States Code, is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(3) TITLE 39, UNITED STATES CODE.—Section 3626(b)(3) of title 39, United States Code, is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(4) ANTI-DRUG ABUSE ACT OF 1988.—Section 3601(7) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11851(7)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(5) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—Section 457(9) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899f(9)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(6) DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1984 AND 1985.—Section 803(1) of the Department of State Authorization Act, Fiscal Years 1984 and 1985 (22 U.S.C. 4502(1)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(7) EDUCATION FOR ECONOMIC SECURITY ACT.—Section 3(6) of the Education for Economic Security Act (20 U.S.C. 3902(6)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(8) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—The Elementary and Secondary Education Act of 1965 is amended—

(A) in section 7501(4) (20 U.S.C. 7601(4)) by striking ''1201(a)'' and inserting ''101(a)(1)''; and

(B) in section 14101(17) (20 U.S.C. 8801(17)), by striking ''1201(a)'' and inserting ''101(a)(1)''.

(9) FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996.—Section 922 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279c) is amended in subsections (a)(1)(B) and (b)(1) by striking ''1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(10) FOLLOW THROUGH ACT.—Section 670G(5) of the Follow Through Act (42 U.S.C. 9877(5)) is amended by striking ''1201 of the Higher Education Act of 1965'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(11) FOOD AND AGRICULTURE ACT OF 1977.—Section 1417(h)(1)(A) of the Food and Agriculture Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(12) FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1986 AND 1987.—Section 603(d) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (20 U.S.C. 4703(d)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(13) GENERAL EDUCATION PROVISIONS ACT.—Section 429(d)(2)(B)(ii) of the General Education Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(14) HARRY S TRUMAN MEMORIAL SCHOLARSHIP ACT.—Section 3(4) of the Harry S Truman Memorial Scholarship Act (20 U.S.C. 2002(4)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(15) HEAD START ACT.—Section 649(c)(3) of the Head Start Act (42 U.S.C. 9844(c)(3)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(16) HIGHER EDUCATION AMENDMENTS OF 1992.—Section 1371(a)(1)(B) of the Higher Education Amendments of 1992 (25 U.S.C. 3371(a)(1)(B)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(17) INTELLIGENCE AUTHORIZATION ACT, FISCAL YEAR 1992.—Section 808(3) of the Intelligence Authorization Act, Fiscal Year 1992 (20 U.S.C. 1908(3)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(18) JOB TRAINING PARTNERSHIP ACT.—The Job Training Partnership Act is amended—

(A) in section 4(12) (29 U.S.C. 1503(12)), by striking ''1201(a)'' and inserting ''101(a)(1)''; and

(B) in section 141(d)(3)(B) (29 U.S.C. 1551(d)(3)(B)), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(19) JUSTICE SYSTEM IMPROVEMENT ACT OF 1979.—Section 901(a)(17) of the Justice System Improvement Act of 1979 (42 U.S.C. 3791(a)(17)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(20) MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961.—Section 112(a)(8) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460(a)(8)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(21) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Sections 101(13) and 166(6) of the National and Community Service Act of 1990 (42 U.S.C. 12511(13); 12626(6)) are each amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101 of the Higher Education Act of 1965''.

(22) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1987.—Section 1403(4) of the National Defense Authorization Act for Fiscal Year 1987 (20 U.S.C. 4702(4)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(23) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—The National Defense Authorization Act for Fiscal Year 1993 is amended in section 4451(b)(1) (10 U.S.C. 2701 note) by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(24) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1992 AND 1993.—Section 3132(b)(1) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (42 U.S.C. 7274e(b)(1)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(25) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994.—The National Defense Authorization Act for Fiscal Year 1994 is amended—

(A) in section 841(c)(2) (10 U.S.C. 2324(2) note), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965'';

(B) in section 1333(i)(3) (10 U.S.C. 2701 note), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''; and

(C) in section 1334(k)(3) (10 U.S.C. 2701 note), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(26) NATIONAL EDUCATION STATISTICS ACT OF 1994.—Section 402(c)(3) of the National Education Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(27) OLDER AMERICANS ACT OF 1965.—Section 102(32) of the Older Americans Act of 1965 (42 U.S.C. 3002(32)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(28) OMNIBUS PARKS AND PUBLIC LANDS MANAGEMENT ACT OF 1996.—Section 1007(c)(5) of the Omnibus Parks and Public Lands Management Act of 1996 (16 U.S.C. 698u–5) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(29) PUBLIC LAW 85 OF THE 67TH CONGRESS.—Public Law 85 of the 67th Congress (42 Stat. 208; 25 U.S.C. 13), popularly referred to as the Snyder Act, is amended by striking ''1201'' and inserting ''101(a)(1)''.

(30) COMMUNICATION ACT OF 1934.—Section 223(h)(4) of the Communication Act of 1934 (47 U.S.C. 223(h)(4)) is amended by striking ''1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(31) FEDERAL WATER POLLUTION CONTROL ACT.—Section 112(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. 1262(a)(1)) is amended by striking ''1201'' and inserting ''101(a)(1)''.

(32) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—Section 347(2)(A) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2394(2)(A)) is amended by striking ''1201(a)'' and inserting ''101(a)(1)''.

(33) ENERGY POLICY AND CONSERVATION ACT.—Section 362(f)(5)(A) of the Energy Policy and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(34) JAMES MADISON MEMORIAL FELLOWSHIP ACT.—Section 815 of the James Madison Memorial Fellowship Act (20 U.S.C. 4514) is amended—

(A) in paragraph (3), by striking ''1201(a)'' and inserting ''101(a)(1)''; and

(B) in paragraph (4), by striking ''1201(d)'' and inserting ''101(a)(1)''.

(35) REHABILITATION ACT OF 1973.—Sections 7(32) and 101(a)(7)(A)(iv)(II) of the Rehabilitation Act of 1973 (29 U.S.C. 706(32); 29 U.S.C. 721(a)(7)(A)(iv)(II)) are each amended by striking ''1201(a) of the Higher Education Act of 1965

(20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(36) TECHNOLOGY RELATED ASSISTANCE FOR INDIVIDUALS WITH DISABILITIES ACT OF 1988.—Section 3(8) of the Technology Related Assistance for Individuals with Disabilities Act of 1988 (29 U.S.C. 2202(8)) is amended by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(37) TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978.—The Tribally Controlled Community College Assistance Act of 1978 is amended—

(A) in section 2(a)(5) (25 U.S.C. 1801(a)(5)), by striking ''1201(a)'' and inserting ''101(a)(1)''; and

(B) in section 113(b)(2) (25 U.S.C. 1813(b)(2)), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''.

(38) VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.—The Violent Crime Control and Law Enforcement Act of 1994 is amended—

(A) in sections 200103 and 200202 (42 U.S.C. 14092; 14111), by striking ''1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))'' and inserting ''101(a)(1) of the Higher Education Act of 1965''; and

(B) in section 30401(b) (42 U.S.C. 13791(b)), by striking ''a public'' through ''that Act'' and inserting ''an elementary school as defined in section 14101(14) of the Elementary and Secondary Education Act of 1965, and a secondary school as defined by section 14101(25) of such Act, which are public institutions''.

(39) SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.—Section 4 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6103) is amended—

(A) in paragraph (11)(B)(viii), by striking ''section 481(b)'' and inserting ''section 101(a)(3)''; and

(B) in paragraph (12), by striking ''section 481'' and inserting ''section 101(a)(2)''.

(40) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 148(g) of the National and Community Service Act of 1990 (42 U.S.C. 12604(g)) is amended by striking ''section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a))'' and inserting ''section 101(a)(2) of the Higher Education Act of 1965''.

SEC. 102. DEFINITIONS.

(a) INSTITUTION OF HIGHER EDUCATION.—Section 101 (as redesignated by section 101(a)(3) of this Act) is amended by striking subsections (a) and (b) and inserting the following:

''(a) INSTITUTION OF HIGHER EDUCATION.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (4) of this subsection:

''(A) PRINCIPAL CRITERIA.—The term 'institution of higher education' means an educational institution in any State that—

''(i) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

''(ii) is legally authorized within such State to provide a program of education beyond secondary education;

''(iii) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program that is acceptable for full credit toward such a degree;

''(iv) is a public or other nonprofit institution; and

''(v) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

''(B) ADDITIONAL INSTITUTIONS INCLUDED.—The term 'institution of higher education' also includes—

''(i) any school that provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of clauses (i), (ii), (iv), and (v) of subparagraph (A); and

''(ii) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subparagraph (A)(i), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

''(C) LIST OF ACCREDITING AGENCIES.—For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

''(2) DEFINITION FOR PURPOSES OF TITLE IV PROGRAMS.—

''(A) INCLUSION OF ADDITIONAL INSTITUTIONS.—Subject to subparagraphs (B) through (D) of this paragraph, the term 'institution of higher education' for purposes of title IV of this Act includes, in addition to the institutions covered by the definition in paragraph (1) of this subsection—

''(i) a proprietary institution of higher education;

''(ii) a postsecondary vocational institution; and

''(iii) only for the purposes of part B of title IV, an institution outside the United States that is comparable to an institution of higher education as defined in paragraph (1) of this subsection and that has been approved by the Secretary for the purpose of part B of title IV.

''(B) INSTITUTIONS OUTSIDE THE UNITED STATES.—

''(i) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in paragraph (1) of this subsection. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this title unless—

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

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

''(II) the institution's clinical training program was approved by a State as of January 1, 1992.

''(ii) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish an advisory panel of medical experts that shall—

''(I) evaluate the standards of accreditation applied to applicant foreign medical schools; and

''(II) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of paragraph (1) of this subsection.

''(iii) The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by clause (i) of this subparagraph shall render such institution ineligible for the purpose of part B of title IV.

''(iv) If, pursuant to this subparagraph, an institution loses eligibility to participate in the programs under title IV, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

''(C) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if such institution—

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

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

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

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

''(D) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if—

''(i) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy; or

''(ii) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under title IV, or has been judicially determined to have committed fraud involving funds under title IV.

''(E) CERTIFICATION.—The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 2 of part H.

''(F) LOSS OF ELIGIBILITY.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if such institution is removed from eligibility for

funds under title IV as a result of an action pursuant to part H of title IV.

''(3) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—

''(A) PRINCIPAL CRITERIA.—For the purpose of this subsection, the term 'proprietary institution of higher education' means a school that—

''(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

''(ii) meets the requirements of clauses (i) and (ii) of paragraph (1)(A) of this subsection;

''(iii) does not meet the requirement of clause (iv) of paragraph (1)(A) of this subsection;

''(iv) is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of title IV;

''(v) has been in existence for at least 2 years; and

''(vi) has at least 15 percent of its revenues from sources that are not derived from funds provided under title IV, as determined in accordance with regulations prescribed by the Secretary.

In determining such 15 percent of revenues for purposes of clause (vi), funds from programs of education and training that do not meet the definition of an eligible program in section 481(b), but are provided on a contractual basis under Federal, State, or local training programs, or under specialized business and industry training requests, shall be counted.

''(B) ADDITIONAL INSTITUTIONS.—The term 'proprietary institution of higher education' also includes a proprietary educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

''(4) POSTSECONDARY VOCATIONAL INSTITUTION.—

''(A) PRINCIPAL CRITERIA.—For the purpose of this subsection, the term 'postsecondary vocational institution' means a school that—

''(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

''(ii) meets the requirements of clauses (i), (ii), (iv), and (v) of paragraph (1)(A) of this subsection; and

''(iii) has been in existence for at least 2 years.

''(B) ADDITIONAL INSTITUTIONS.—The term 'postsecondary vocational institution also includes an educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

''(b) STATE; FREELY ASSOCIATED STATES.—

''(1) STATE.—The term 'State' includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

''(2) FREELY ASSOCIATED STATES.—The term 'Freely Associated States' means the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 481 (20 U.S.C. 1088) is amended—

(A) by striking subsections (a), (b), and (c); and

(B) by redesignating subsections (d) through (f) as subsections (a) through (c), respectively.

(2) Each of the following provisions are amended by striking ''section 481'' and inserting ''section 101(a)(2)'': sections 435(a)(1), 487(d), and 496(j) and (k).

(3) Section 498(i) (20 U.S.C. 1099c) is amended by striking ''section 481 (other than the requirements in subsections (b)(5) and (c)(3))'' and inserting ''section 101(a) (other than the requirements in paragraphs (3)(A)(v) and (4)(A)(iii))''.

(4) Section 498(j) is amended by striking ''sections 481(b)(5) and 481(c)(3)'' and inserting ''paragraphs (3)(A)(v) and (4)(A)(iii) of section 101(a)''.

(5) Section 105(b) (as redesignated by section 101(a)(3)(D)) is amended by adding at the end the following new sentence: ''This subsection shall cease to be effective on October 1, 2001.''.

SEC. 103. REGULATORY REFORM.

Title I is amended by adding at the end the following new section:

''SEC. 112. REGULATORY REFORM.

''(a) BIENNIAL REVIEW OF REGULATIONS.—In every even-numbered year (beginning with 1998), the Secretary—

''(1) shall review all regulations issued under title IV of the Higher Education Act of 1965 in effect at the time of the review that apply to the operations or activities of any participant in those programs; and

''(2) shall determine whether any such regulation is no longer necessary in the public interest.

''(b) EFFECT OF DETERMINATION.—The Secretary shall repeal, consolidate, simplify, or otherwise modify any regulation the Secretary determines to be no longer necessary in the public interest.

''(c) REPORT TO CONGRESS.—The Secretary shall report to the Congress any legislative changes necessary to permit regulatory simplification under this section.''.

PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE

SEC. 111. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Title I (as amended by part A of this title) is amended—

(1) by striking the heading of such title and inserting the following:

''TITLE I—GENERAL AND ADMINISTRATIVE PROVISIONS

''PART A—GENERAL PROVISIONS'';

and

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

''PART B—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

''SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

''(a) ESTABLISHMENT AND PURPOSE.—

''(1) ESTABLISHMENT.—There is established in the Department a Performance-Based Organization (hereafter referred to as the 'PBO') which shall be a discrete management unit responsible for managing the information systems supporting the programs authorized under title IV of this Act, as specified in subsection (b).

''(2) PURPOSES.—The purposes of the PBO are—

''(A) to improve the level of service to students and participants in the programs;

''(B) to reduce the costs of administering the Federal student financial assistance programs authorized under title IV;

''(C) to increase the accountability of the officials responsible for administering the operational aspects of these programs;

''(D) to provide greater flexibility in the management of the operational functions of the Federal student financial assistance programs;

''(E) to integrate the information systems supporting the Federal student financial assistance programs; and

''(F) to implement an open, common, integrated system for the delivery of student financial assistance under title IV.

''(b) AUTHORITY.—

''(1) AUTHORITY OF SECRETARY.— Notwithstanding any other provision of this Act, the Secretary shall maintain responsibility for the development and promulgation of policy relating to the programs of student financial assistance under title IV. In the exercise of its functions, the PBO shall be subject to the direction of the Secretary. The Secretary shall—

''(A) request the advice of, and work in cooperation with, the Chief Operating Officer in developing regulations, policies, administrative guidance, or procedures affecting the information systems administered by the PBO, and other functions performed by the PBO;

''(B) request cost estimates from the Chief Operating Officer for system changes required by specific policies proposed by the Secretary;

''(C) consider the Chief Operating Officer's comments and estimates prior to finalizing such regulations, policies, administrative guidance, or procedures;

''(D) assist the Chief Operating Officer in identifying goals for the administration and modernization of the delivery system for student financial assistance under title IV; and

''(E) if necessary, arrange for additional funding to ensure that the PBO can efficiently perform its functions.

''(2) FUNCTIONS.—The PBO shall carry out the following functions:

''(A) All aspects of contracting for the data and information systems supporting student financial assistance under title IV, including the operational administration of the William D. Ford Federal Direct Loan Program, but not including the development of policy relating to such programs.

''(B) The administrative, accounting, and financial management functions of the delivery system for Federal student assistance, including—

''(i) the collection, processing and transmission of applicant data to students, institutions and authorized third parties, as provided for in section 483;

''(ii) technical specifications for software development and systems supporting the delivery of student financial assistance under title IV;

''(iii) information technology and systems infrastructure related to the delivery and management of student financial assistance under title IV;

''(iv) all software and hardware acquisitions and all information technology contracts related to the delivery and management of student financial assistance under title IV; and

''(v) all customer service, training and user support related to the functions described in clauses (i) through (iv).

''(C) Annual development of a budget for the operations and services of the PBO, in consultation with the Secretary, and for consideration and inclusion in the Department's annual budget submission.

''(D) Annual development of goals, in consultation with the Secretary, for the administration and modernization of the system for delivery of student financial assistance under title IV.

''(E) Other functions proposed by the Secretary, and agreed to by the Chief Operating Officer as are not inconsistent with the functions of the PBO.

''(3) INDEPENDENCE.—In carrying out its functions, the PBO shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions.

''(4) REVIEW OF PBO.—The PBO shall be subject to the usual and customary Federal audit procedures, and be subject to review by the Inspector General of the Department.

''(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of funding the administrative costs incurred by the PBO in administering systems supporting programs under this part, there are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and each of the 4 succeeding fiscal years, except that funds authorized under section 458 shall be made available to the PBO by the Secretary for administrative costs authorized to be funded under that section.

''(d) ORGANIZATIONAL REPORTS.—

''(1) PERFORMANCE PLAN.—Within 6 months of the hiring of the Chief Operating Officer, and every 12 months thereafter, the Secretary and the Chief Operating Officer of the Department shall develop a performance plan for the PBO that establishes measurable goals and objectives for the organization. In developing this performance plan, the Secretary and the Chief Operating Officer shall consult with the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Advisory Committee on Student Financial Assistance. The performance plan shall include a concise statement of goals for a modernized system for the delivery of student financial assistance under title IV and identify action steps necessary to achieve such goals. Such goals shall be used in evaluating the performance of the Chief Operating Officer and the PBO pursuant to paragraph (2).

''(2) ANNUAL ACCOUNTABILITY REPORT.—The Chief Operating Officer shall prepare and submit an annual accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. The accountability report shall include—

''(A) an independent financial audit of the expenditures of both the PBO and programs administered by it;

''(B) financial and performance requirements applicable to the PBO under the Chief Financial Officer Act of 1990 and the Government Performance and Results Act of 1993;

''(C) the results achieved by the PBO during the year relative to the goals established in the organization's performance plan;

''(D) the results of the evaluations of performance of the Chief Operating Officer and senior managers under subsections (e)(2) and (f)(2), including the amounts of bonus compensation awarded to these individuals;

''(E) a discussion of the effectiveness of coordination between the PBO and the Secretary;

''(F) recommendations for legislative and regulatory changes to improve service to students and their families, and to improve program efficiency and integrity; and

''(G) other such information as the Director of the Office of Management and Budget shall prescribe for performance based organizations.

''(e) CHIEF OPERATING OFFICER.—

''(1) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a 5-year term and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code. The Secretary shall appoint the Chief Operating Officer within 6 months of the date of enactment of this part. The Secretary shall consult with the Chairmen of the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate prior to making an appointment. The appointment shall be made on the basis of demonstrated management ability and expertise in information technology, including extensive experience in the financial services industry, and without regard to political affiliation or activity. The Secretary may reappoint the Chief Operating Officer to subsequent terms so long as the performance of the Chief Operating Officer, as set forth in the performance agreement, is satisfactory or better. The Chief Operating Officer may be removed by—

''(A) the President; or

''(B) the Secretary, for misconduct or failure to meet performance goals set forth in the performance agreement in paragraph (2).

The President or Secretary shall communicate the reasons for any such removal to the appropriate committees of Congress.

''(2) PERFORMANCE AGREEMENT.—The Secretary and the Chief Operating Officer shall enter into an annual performance agreement which shall set forth measurable organization and individual goals for the Chief Operating Officer in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term. The final agreement shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

''(3) COMPENSATION.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(B) of such title 5. In addition, the Chief Operating Officer may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2). Payment of a bonus under this paragraph may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

''(f) SENIOR MANAGEMENT.—

''(1) IN GENERAL.—The Chief Operating Officer may appoint up to 5 senior managers as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(2) PERFORMANCE AGREEMENT.—The Chief Operating Officer shall enter into an annual performance agreement with each senior manager appointed under this subsection which shall set forth measurable organization and individual goals in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term.

''(3) COMPENSATION.—The Chief Operating Officer is authorized to pay senior managers at an annual rate of basic pay not to exceed 75 percent of the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5. In addition, a senior manager may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2).

''(g) PERSONNEL FLEXIBILITY.—

''(1) PERSONNEL CEILINGS.—The PBO shall not be subject to any ceiling relating to the number or grade of employees.

''(2) ADMINISTRATIVE FLEXIBILITY.—The Chief Operating Officer shall work with the Office of Personnel Management to develop and implement personnel flexibilities in staffing, classification, and pay that meet the needs of the PBO, subject to compliance with title 5, United States Code.

''(h) ESTABLISHMENT OF A FAIR AND EQUITABLE SYSTEM FOR MEASURING STAFF PERFORMANCE.—The PBO shall establish an annual performance management system, subject to compliance with title 5, United States Code and consistent with applicable provisions of law and regulations, which strengthens the organizational effectiveness of the PBO by providing for establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the performance plan of the PBO and its performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees.

''(i) PROCUREMENT FLEXIBILITY.—

''(1) IN GENERAL.—Except as provided in this subsection, the PBO shall abide by all applicable Federal procurement laws and regulations when procuring property and services. The PBO shall—

''(A) enter into contracts for information systems supporting the programs authorized under title IV to carry out the functions set forth in subsection (b)(2); and

''(B) obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and set pay in accordance with such section.

''(2) PERFORMANCE BASED SERVICING CONTRACTS.—The Chief Operating Officer shall, to the extent practicable, maximize the use of performance based servicing contracts, consistent with guidelines for such contracts published by the Office of Federal Procurement Policy, to achieve cost savings and improve service.

''(3) FEE FOR SERVICE ARRANGEMENTS.—The Chief Operating Officer shall, to the extent practicable and consistent with the purpose of the PBO, utilize services available outside of the Federal Government in the delivery of Federal student financial assistance. To achieve this purpose, the PBO is authorized to pay fees to an organization that are equivalent to those paid by other entities for such services, if the Chief Operating Officer determines that such organization currently provides an information system or service that meets the requirements of the PBO.

''(j) FOCUS GROUPS.—To facilitate information sharing and customer involvement, the Chief Operating Officer may establish focus groups composed of students, institutions, and other participants in the programs authorized by title IV to provide advice on student aid delivery matters.

''SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT AID DELIVERY.

''(a) IN GENERAL.—The Secretary, and the Chief Operating Officer shall improve the efficiency and effectiveness of the student aid delivery system by encouraging and participating in the establishment of voluntary consensus standards and requirements for the electronic transmission of information necessary for the administration of programs under title IV.

''(b) ADOPTION OF VOLUNTARY CONSENSUS STANDARDS.—Except with respect to the common financial reporting form under section 483(a), the Secretary shall adopt voluntary consensus standards for transactions required under title IV, and common data elements for such transactions, to enable information to be exchanged electronically between systems administered by the Department and among participants in the Federal student aid delivery system.

''(c) REQUIREMENTS FOR ADOPTION OF VOLUNTARY CONSENSUS STANDARDS.—Any voluntary consensus standard adopted under this section shall—

''(1) be a standard that has been developed, adopted, or modified by a standard setting organization that is open to the participation of the various entities engaged in the delivery of Federal student financial assistance; and

''(2) be consistent with the objective of reducing the administrative costs of delivering student financial assistance under title IV.

''(d) PARTICIPATION IN STANDARD SETTING ORGANIZATIONS.—

''(1) The Chief Operating Officer shall participate in the activities of standard setting organizations in carrying out the provisions of this section.

''(2) The Chief Operating Officer shall encourage higher education groups seeking to develop common forms, standards, and procedures in

support of the delivery of Federal student financial assistance to conduct these activities within a standard setting organization.

''(3) The Chief Operating Officer may pay necessary dues and fees associated with participating in standard setting organizations pursuant to this subsection from funds available under subsection (j).

''(e) PROCEDURES FOR ADOPTION AND IMPLEMENTATION OF VOLUNTARY CONSENSUS STANDARDS.—In adopting voluntary consensus standards and implementation timetables under this section, including modifications of existing standards, the Secretary shall follow the procedures for negotiated rulemaking in section 492.

''(f) INITIAL VOLUNTARY CONSENSUS STANDARDS TO BE ADOPTED.—Through coordinated participation between the Chief Operating Officer and standard setting organizations, the initial standards adopted by the Secretary shall include the following:

''(1) ELECTRONIC PERSONAL IDENTIFIER NUMBER.—The Secretary shall adopt standards for a single electronic personal identifier number for students receiving assistance under title IV.

''(2) ELECTRONIC SIGNATURE.—The Secretary, in coordination with the Secretary of Commerce, shall adopt standards specifying procedures for the electronic transmission and authentication of signatures with respect to transactions requiring a signature under title IV.

''(3) SINGLE INSTITUTIONAL IDENTIFIER.—The Secretary shall adopt standards for a single identifier for eligible institutions under title IV.

''(g) USE OF CLEARINGHOUSES.—Nothing in this section shall restrict the ability of participating institutions and lenders from using a clearinghouse to comply with the standards for the exchange of information established under this section.

''(h) APPLICABILITY TO CURRENT SYSTEMS.—

''(1) GENERAL RULE.—Except as provided in paragraph (2) and (3), this section shall apply to all Department of Education information systems supporting the delivery of programs under title IV no later than 12 months from the date of enactment of this part.

''(2) NATIONAL STUDENT LOAN DATA SYSTEM.—This section shall apply to sections 485B(e) and (f) no later than 18 months after the date of enactment of this part.

''(3) INTEGRATED POSTSECONDARY EDUCATION DATA SYSTEM.—The Secretary shall coordinate the adoption of voluntary consensus standards under this section to ensure that standards are compatible with the integrated postsecondary education data system (IPEDS).

''(i) DATA SECURITY.—Any entity that maintains or transmits information under a transaction covered by this section shall maintain reasonable and appropriate administrative, technical, and physical safeguards—

''(1) to ensure the integrity and confidentiality of the information; and

''(2) to protect against any reasonably anticipated security threats, or unauthorized uses or disclosures of the information.

''(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out activities in this section in any fiscal year such sums as may be necessary to carry out the provisions of this section, except that if no funds are appropriated pursuant to this subsection, the Secretary shall make funds available to carry out this section from amounts appropriated for the operations and expenses of the Department of Education.

''(k) DEFINITIONS.—For purposes of this section:

''(1) The term 'voluntary consensus standard' means a standard developed or used by a standard setting organization accredited by the American National Standards Institute.

''(2) The term 'standard setting organization' means a standard setting organization accredited by the American National Standards Institute that develops standards for information transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this section.

''(3) For purposes of this section, the term 'clearinghouse' means a public or private entity that processes or facilitates the processing of nonstandard data elements into data elements conforming to standards adopted under this section.''.

The CHAIRMAN. Are there any amendments to title 1?

AMENDMENT NO. 3 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. PAUL:

Page 50, line 13, at the end of paragraph (1) add the following new sentence: ''The Secretary shall not use the social security account numbers issued under title II of the Social Security Act as the electronic personal identifier, and shall not use any identifier used in any other Federal program as the electronic personal identifier.''.

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

Mr. PAUL. Mr. Chairman, this amendment is not a complex amendment. It merely states that Social Security numbers cannot be used to identify the individuals who will be participating in this program.

This is a common practice, obviously, today. The Social Security number is used just for about everything. As a matter of fact, many Americans think way too often.

There are 40 Federal programs now where the Social Security number is required. Not only that, the Federal Government now has been mandating the uses of the Social Security number for similar purposes even on State programs such as obtaining our driver's license.

The concern that I have and that many Americans have is that government is too intrusive, wants too many records and knows too much about everybody. The government and nongovernment people can get our names and they can get our Social Security numbers and find out more about us than we know about ourselves, and that is not the intent of our Constitution. It certainly is not the intent of the Privacy Act.

The Privacy Act concerns were expressed through this legislation in 1974 stating that, yes, we have overstepped our bounds, there is too much intrusiveness, and we are moving in the direction of a national identification card, something that is unknown and should be unheard of in a free society.

□ 2100

We should not have an identity card to carry our papers to get jobs, open bank accounts, move about the country, but we are moving rapidly in that direction. This is a token effort to make this point and require the government to use some other identification method for this program. It can be done. There is nothing sacred about the Social Security number. The program can be run without the use of Social Security.

I would like to just read very briefly some passages from the Privacy Act of 1974 to make my colleagues stop and think about what we are doing.

''It shall be unlawful for any Federal, State or local government agency to deny any individual any right, benefit or privilege provided by law because of such individual's refusal to disclose his Social Security number.''

If one does not give his Social Security number, one is in big trouble in this country. One cannot even get out of the hospital if one is born without a Social Security number, and one cannot open up a savings account for a child if one does not have a Social Security number. One is not even allowed to die at this time without a Social Security number, because one needs a Social Security number on one's death certificate. Talk about cradle to grave.

''Any Federal, State or local government agency which requests an individual disclose his Social Security number shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority the number is listed and what uses will be made of it.'' We do not have that happening. Numbers are just demanded, and too many people have complied with it, and we go along with it, but more and more Americans are getting upset with this monitoring of everything that we do through the Social Security number.

Every single government program is now requiring it. Like I said, there are 40, 40 programs. Immigration, think about how the immigration programs are monitored through Social Security numbers. There have been attempts to use the Social Security number to monitor people in their voting. We do not need this. We do not need more government surveillance in promoting this kind of a program. The program can survive, can work.

Some would argue, well, possibly, just possibly, the efficiency of the program may be diminished. That will be the argument that I will probably hear. The efficiency of the program will be diminished. Well, if this is the argument, then we are saying that we are here to protect the efficiency of the State. I see an important role for us to be here is to protect the privacy and the civil liberties of the citizen. So we are in conflict. Which should our role be, to protect privacy and civil liberties, or is it to protect the efficiency of the State?

Well, it is not difficult for me to figure that out, and it is not like I am saying this program would not exist, it is just saying that we will put a small amount of surveillance on this where the government is not so casual in expanding its role for the Social Security number.

In the Privacy Act of 1974, in the findings, they made a comment which I

think is very important, and this is in 1974 when it was not really bad. ''The Congress finds the opportunities for an individual to secure employment, insurance and credit and his right to due process and other legal protections are endangered by the misuse of certain information systems.''

I ask my colleagues to support this amendment. This is a positive amendment; this is an amendment to protect civil liberties of every American.

Mr. MCKEON. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. Chairman, I agree with many of the things that the gentleman from Texas (Mr. PAUL) has said, and I agree that we have to be alert and vigilant in seeing how the government can impose itself in our lives, but this use of a Social Security number is not new, it has been used for identifying student loan applications since the inception of the program.

I would like to make just a couple of points as to why it is important to have it. It is good to know who we are giving the money out to, especially when we want to collect on the loans. Information provided by students and families in order to receive Federal aid is based on income information which is verified against IRS records to prevent fraud and abuse in the student aid programs.

I think while there are concerns about the intrusiveness of government, there are also a great many concerns as to fraud in programs. It is important that we protect against fraud and abuse in these programs. This is very important to use the Social Security number to do that.

Applications are also matched with the Social Security records to make sure the person applying for aid has a valid Social Security number. I know the gentleman has made point of the fact that we put a Social Security number on death certificates. That is so that when people die, we make sure that they do not apply for student aid. I think that is an important thing to do.

This check is also done to ensure that the correct person is using his or her correct Social Security number and not a fraudulent number.

Social Security numbers are also used for skip tracing in tracking down the current addresses of student who are delinquent or who default on their loans so that they can be contacted to repay the debt. This practice saves taxpayers millions of dollars. I think it is incumbent upon us to be very diligent in the use of taxpayer dollars.

The safeguards afforded the student loan program and the taxpayer by allowing the use of Social Security numbers should not be done away with until such time as another viable alternative exists for matching records and verifying information, which is critical to preventing fraud and abuse in the Federal student aid programs.

While I agree with some of the gentleman's concerns, I think it is very important that we defeat his amendment and use the Social Security number to make this program viable.

Mr. KILDEE. Mr. Chairman, I move to strike the last word.

I know the gentleman from Texas (Mr. PAUL) is very sincere on this; I have talked to him, and I know the issues. But really, the purpose of using the Social Security number in these instances is really to prevent fraud and abuse.

We have millions and millions of dollars involved in these programs to assist students to go to college, and I think that the taxpayers certainly are willing to have a person use their Social Security number to make sure that there is no fraud and abuse in this program. I think it is very important. I just filled out my income tax a few weeks ago, and put my Social Security number on the income tax and did not feel threatened by that. So I would oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PAUL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 411, further proceedings on the amendment offered by the gentleman from Texas (Mr. PAUL) will be postponed.

Are there further amendments to title I?

If not, the Clerk will designate title II.

The text of title II is as follows:

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

SEC. 201. URBAN COMMUNITY SERVICE.

(a) DESIGNATION OF TITLE.—The Higher Education Act of 1965 is amended by inserting at the end of title I (20 U.S.C. 1001 et seq.) the following:

''TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS''.

(b) REDESIGNATION AND TRANSFER OF URBAN COMMUNITY SERVICE PROGRAM.—

(1) INTERNAL CROSS-REFERENCES.—Part A of title XI is amended—

(A) in section 1102(b), by striking ''section 1104'' and inserting ''section 204'';

(B) in section 1104(12), by striking ''section 1103(a)(2)(B)'' and inserting ''section 203(a)(2)(B)''; and

(C) in section 1108(1), by striking ''section 1103'' and inserting ''section 203''.

(2) REDESIGNATION.—Part A of title XI (20 U.S.C. 1136 et seq.) is redesignated as part A of title II, and sections 1101 through 1109 are redesignated as sections 201 through 209.

(3) TRANSFER.—Part A of title II (including sections 201 through 209), as redesignated by paragraph (2), is transferred to immediately follow the heading inserted by subsection (a) of this section.

(4) REPEAL.—Part B of title XI (20 U.S.C. 1137 et seq.) and the heading of title XI are repealed.

(c) ALLOWABLE ACTIVITIES.—Section 204 (as redesignated by subsection (b)(2)) is amended by adding at the end the following new paragraph:

''(14) Improving access to technology in local communities.''.

(d) DESIGNATION OF URBAN GRANT INSTITUTIONS.—Section 207 (as redesignated by subsection (b)(2)) is amended by adding at the end the following new sentence: ''The information developed as a result of this section shall be made available to Urban Grant Institutions and to any other interested institution of higher education by any appropriate means, including the Internet.''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 209 (as redesignated by subsection (b)(2)) is amended by striking ''1993'' and inserting ''1999''.

SEC. 202. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part A of title X (20 U.S.C. 1135 et seq.) is redesignated as part B of title II (as amended by section 201) and—

(A) sections 1001 through 1003 (20 U.S.C. 1135 et seq.) are redesignated as sections 221 through 223; and

(B) section 1011 (20 U.S.C. 1135a–11) is redesignated as section 224.

(2) TRANSFER.—Part B of title II (including sections 221 through 224), as redesignated by paragraph (1), is transferred to follow part A of title II.

(3) REPEAL.—Section 1004 and parts B, C, and D of title X (20 U.S.C. 1135a–3, 1135e et seq.) and the heading of title X are repealed.

(b) ENDOWMENT GRANTS.—Section 221(a) (as redesignated by subsection (a)(2)) is amended—

(1) by striking ''and'' at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting ''; and''; and

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

''(9) awarding an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of area program centers that foster the development of local affiliated chapters in high-poverty areas to improve graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the pursuit of postsecondary education.''.

(c) SPECIAL PROJECTS.—Section 224 (as redesignated by subsection (a)(2)(B)) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (c) and inserting the following:

''(1) institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost and price control;

''(2) articulation agreements between two-year and four-year institutions;

''(3) evaluation and dissemination of model programs; and

''(4) international cooperation and student exchange among postsecondary educational institutions.''; and

(2) by striking subsection (d).

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) COMBINATION OF SUBPARTS.—Part B of title II (as redesignated by subsection (a)) is amended by striking the subpart designations and headings.

(2) AUTHORIZATION.—Part B of title II (as so redesignated) is amended by adding at the end the following:

''SEC. 225. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 203. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part E of title X (20 U.S.C. 1135g) is redesignated as part C of title II and section 1091 is redesignated as section 231.

(2) TRANSFER.—Part C of title II (including section 231), as redesignated by paragraph (1), is

transferred to follow part B of title II (as amended by section 202 of this Act).

(b) REAUTHORIZATION.—Section 231(j) (as so redesignated) is amended to read as follows:

''(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years.''.

SEC. 204. ADVANCED PLACEMENT FEE PAYMENT PROGRAM.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part G of title XV of the Higher Education Amendments of 1992 (20 U.S.C. 1170) is redesignated as part D of title II and section 1545 of such Act is redesignated as section 241.

(2) TRANSFER.—Part D of title II (including section 241), as redesignated by paragraph (1), is transferred to follow part C of title II (as amended by section 203 of this Act).

(b) REAUTHORIZATION.—Section 241(f) (as so redesignated) is amended by striking ''1993'' and inserting ''1999''.

SEC. 205. TEACHER QUALITY ENHANCEMENT GRANTS.

Title II is further amended by adding at the end the following new part:

''PART E—TEACHER QUALITY ENHANCEMENT GRANTS

''SEC. 271. PURPOSE.

''The purposes of this part are—

''(1) to provide competitive grants to States for assistance in strengthening the quality of the teaching force by improving the academic knowledge of teachers in the subject areas in which they teach;

''(2) to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach, including training in the effective uses of technologies in the classroom; and

''(3) to recruit high quality individuals, including individuals from other occupation, into the teaching force.

''SEC. 272. ELIGIBILITY.

''(a) APPLICATIONS.—To be eligible to receive a grant under this part, a Governor shall, at the time of the initial grant application, submit an application to the Secretary that meets the requirements of this part.

''(b) CONTENTS OF APPLICATION.—Such application shall include a description of how the State intends to use funds provided under this part and such other information and assurances as the Secretary may require.

''(c) STATE AUTHORITY.—Nothing under this part shall be construed to negate or supersede the legal authority, under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

''SEC. 273. USE OF FUNDS.

''The Governor of a State that receives a grant under this subpart shall—

''(1) use a portion of such grant to carry out one or more of the following activities:

''(A) reforming State teacher certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach;

''(B) providing prospective teachers alternatives to schools of education through programs at colleges of arts and sciences or at nonprofit organizations;

''(C) funding programs which establish or expand alternative routes to State certification for highly qualified individuals from other occupations;

''(D) developing and implementing effective mechanisms to expeditiously remove incompetent or unqualified teachers; and

''(E) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach; and

''(2) use a portion of such grant to establish a lighthouse partnership consisting of the Governor, an exemplary institution of higher education which prepares teachers, and a local educational agency and which may also consist of other institutions of higher education, public charter schools, and public and private nonprofit elementary and secondary schools, for the purpose of carrying out one or more of the following activities:

''(A) creating opportunities for enhance and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach;

''(B) providing programs designed to implement the successful integration of technology into teaching and learning;

''(C) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach;

''(D) reforming State certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach; and

''(E) recruiting minorities, and others, into the teaching and counseling profession, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring and support services.

''SEC. 274. COMPETITIVE AWARDS.

''(a) COMPETITIVE BASIS FOR AWARDS.—The Secretary shall make annual grants under this part on a competitive basis.

''(b) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by Governors under section 272 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

''(c) PRIORITY.—In recommending applications to the Secretary, the panel shall give priority to applications from States with proposals which promise initiatives to reform State teacher certification requirements which are designed to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach or which include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach.

''(d) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subsection (c), the extent to which the application furthers the purposes of this part, and the overall quality of the application, based on the quality and scope of State-supported strategies to improve quality of teacher preparation and their teaching force.

''(e) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made.

''(f) SECRETARIAL SELECTION.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine, based on the peer review panel's recommendations, which applications shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

''(2) EFFECT OF RANKING BY PANEL.—In making grants under this part, the Secretary shall select applications according to the ranking of the applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

''(g) MATCHING REQUIREMENT.—Each State receiving funds under this part shall provide, from non-Federal sources, an amount equal to 1/2 of the amount of the grant in cash or in kind to carry out the activities supported by the grant.

''(h) LIMITATION ON ADMINISTRATIVE EXPENSES.—A State that receives a grant under this part may use not more than 2 percent of the grant funds for administrative costs.

''(i) REPORTING.—

''(1) IN GENERAL.—A Governor that receives a grant under this section shall submit an accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such reports shall include a description of the degree to which the State, in using these funds, has made substantial progress in meeting the following goals:

''(A) Raising the State academic standards required to enter the teaching profession.

''(B) Increasing the percentage of classes taught in core academic subject areas by teachers fully certified by the State to teach in those subject areas.

''(C) Decreasing shortages of qualified teachers in poor urban and rural areas.

''(D) Increasing opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

''(2) ACCOUNTABILITY OF STATE INSTITUTION OF HIGHER EDUCATION.—Prior to receiving funds under this part, a State shall demonstrate that at least 80 percent of graduates of each of the exemplary institutions of higher education in any partnership described in section 273(a)(2) who enter the field of teaching pass all applicable State qualification assessments of new teachers, which must include assessments of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher provides instruction. Prior to each subsequent receipt of funds under this part, such State shall demonstrate that 70 percent of the graduates of each institution of higher education in the State have met such goal and continue to progress to exceed such goal. Such assessment shall be at least as rigorous as those in place on the date of enactment of this Act and shall have qualifying scores no lower than those in place on date of enactment of this Act.

''(3) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under paragraph (1) to the peer review panel convened under subsection (b). The panel shall use such accountability report in recommending applications for subsequent funding under this section.

''(j) TEACHERS QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that participates as an eligible applicant or partner under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school in the local educational agency, information regarding the qualifications of the students classroom teacher, both generally and with regard to the subject matter in which the teacher provides instruction.

''SEC. 275. LIMITATIONS.

''(a) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or

home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this part.

''(b) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

''(c) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any national system of teacher certification.

''SEC. 276. AUTHORIZATION OF APPROPRIATIONS.

''(a) AUTHORIZATION.—There are authorized to be appropriated to carry out this part, $18,500,000 for fiscal years 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(b) TRANSITION.—Notwithstanding any other provision of law, the Secretary may use funds appropriated under subsection (a) to complete awards under the original grant period for projects that were funded under subpart 2 of part E of title V of this Act, as in effect prior to enactment of the Higher Education Amendments of 1998.''.

SEC. 206. ADDITIONAL REPEAL.

Title VIII (20 U.S.C. 1133 et seq.), relating to cooperative education, is repealed.

The CHAIRMAN. Are there amendments to title II?

AMENDMENT NO. 55 OFFERED BY MR. SANDERS

Mr. SANDERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 55 offered by Mr. SANDERS:

Page 56, after line 18, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

''(5) cooperation between institutions to encourage cost saving initiatives through joint purchase of goods and services, and shared use of facilities and faculty resources.''

Mr. SANDERS. Mr. Chairman, I will be very brief, and I want to thank both the majority and the minority for accepting this amendment.

Mr. Chairman, as we attempt to make higher education more affordable and more accessible for the middle-income and working families of our country, we need, in fact, to do a much better job in controlling the escalating cost of a college education.

The cost of a college degree from many institutions in this country today is truly shocking. According to the National Commission on the Cost of Higher Education, and I quote, ''In the 20 years between 1976 and 1996, the average tuition at public universities increased from $642 to $3,151, and the average tuition at private universities increased from $2,881 to $15,581.''

Tuitions at public 2-year colleges, the least expensive of all types of institutions, they have increased 5 times over. So it seems to me while we do all that we can to increase Federal aid for those middle-income and working families that need a college education, we are doing relatively little, I think, to hold down the costs of college. In fact, the number 1 recommendation of the National Commission on the Cost of Higher Education is to strengthen institutional cost control. That is their number 1 recommendation.

Mr. Chairman, the very simple amendment that I am offering would help institutions in some ways to reduce their costs and hopefully allow them to use those savings to lower the cost of tuition and college fees. In the State of Vermont, where my wife has served as provost of a small college and has been involved in this area, and in many other regions of the country, colleges are beginning to come together to form partnerships or consortia that enables them to share resources and reduce their collective costs.

For example, in some cases, significant cost savings can be realized by joint purchasing of goods and services when schools come together to purchase things like fuel, and in the State of Vermont fuel is an expensive cost, or insurance; if they pool their resources, they can save money and use those savings to lower the cost of tuition. The problem right now, however, is that many hard-pressed schools, many of the smaller schools, simply do not have the resources or the available technical expertise to figure out how they can do those things and how they can work with other colleges to reduce costs.

This amendment, which would add no additional costs to any of the higher education programs, would instead give the Fund for the Improvement of Postsecondary Education, which administers a competitive grant program for higher education institutions, a broader mission and allow them to make competitive grants available to institutions which seek to cooperate and reduce costs through the joint purchase of goods and services.

Mr. Chairman, this amendment is consistent with the National Commission on the Cost of Higher Education which recommends: ''Greater institutional and regional cooperation in using existing facilities and institutions of higher education,'' and that is what this amendment does.

I thank both the majority and the minority for accepting this amendment.

Mr. MCKEON. Mr. Chairman, I rise in support of the amendment. We thank the gentleman from Vermont (Mr. SANDERS) for his efforts to improve the bill, and we gladly accept his amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. SANDERS).

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments to title II?

AMENDMENT NO. 20 OFFERED BY MR. FARR OF CALIFORNIA

Mr. FARR of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 20 offered by Mr. FARR of California:

Insert at the end of section 271(1) of the Higher Education Act of 1965 as amended by the manager's amendment offered by the Gentleman from Pennsylvania the following: '', such as math, science, English, foreign languages, history, economics, art, and civics''.

Mr. FARR of California. Mr. Chairman, I just want to say that I really enjoy seeing this wonderful bipartisan support for education here on the House floor. I cannot think of any issue that is more of interest to the people in this country now than education, and it is wonderful that we are at a time when education has become our most important product, and I would like to acknowledge and compliment the leadership on both sides of the aisle, the gentleman from Pennsylvania (Mr. GOODLING) for his great leadership and the gentleman from Michigan (Mr. KILDEE).

I have a quick amendment. This amendment is to Part E of the Teacher Quality Enforcement Enhancement Grants, which is section 271(i). This section is the one that consolidates 17 existing higher education programs into a new competitive grant program to improve teacher training.

Section 271(i) provides competitive grants to the States to strengthen the quality of teaching force in the core subject areas. My language would merely list those core subject areas as math, science, English, foreign languages, history, economics, art and civics.

MODIFICATION TO AMENDMENT NO. 20 OFFERED BY MR. FARR OF CALIFORNIA

Mr. FARR of California. Mr. Chairman, I also discovered there was a drafting error that omitted government and geography from the list, so I would ask unanimous consent to modify my amendment to add government and geography.

□ 2115

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment offered by Mr. FARR of California:

In the matter proposed to be inserted strike out ''and'', and insert before the closing quotation mark ''government and geography''.

The CHAIRMAN. Is there objection to the modification to the amendment offered by the gentleman from California (Mr. FARR)?

There was no objection.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from California (Mr. FARR).

The amendment, as modified, was agreed to.

The CHAIRMAN. Are there any further amendments?

AMENDMENT NO. 51 OFFERED BY MR. OWENS

Mr. OWENS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 51 offered by Mr. OWENS:

Page 68, after line 11, insert the following new section (and redesignate the succeeding section accordingly):

SEC. 206. POSTSECONDARY INFORMATION TECHNOLOGY EDUCATION RECRUITMENT

(a) FINDINGS.—The Congress finds the following:

(1) There are more than 200,000 to 400,000 vacancies in various categories of information technology jobs.

(2) From 1996 to 2005, more than 1,300,000 new computer scientists, engineers, and systems analysts will be required in the United States to fill vacant jobs, which equals 136,800 new workers per year.

(3) Systems analysts will experience the largest job growth, accounting for a 103 percent increase in the number of new positions from 1996 (506,000) to 2005 (1,025,000).

(4) The shortage of information technology workers transcends industries, affecting the manufacturing, service, transportation, health care, education, and government sectors. Within each sector, vacancies exist at all levels from aides and mechanics to programmers and designers.

(5) The information technology worker shortage is having an adverse effect on the viability of businesses in the United States and on the Nation's competitiveness. Industry surveys report that half of industry executives cite the lack of workers skilled in technology as the number one obstacle to their company's growth. An additional 20 percent of industry executives identify the lack of information technology workers as a major obstacle to their company's growth.

(6) A major factor affecting the short supply of information technology workers is the mismatch between what universities teach and what industry needs.

(7) It is in the national interest to promote special initiatives which effectively educate and train our domestic workforce to keep pace with these expanding job opportunities.

(8) Institutions of higher education have the capacity and resources to provide a role of oversight and technical assistance to a wide range of local entities, including community-based organizations, participating in a comprehensive education and training program for potential technology workers.

(9) Higher education institutions must be responsive to the digital environment and expand both their outreach efforts and on-campus activities to train and certify individuals to close the information technology worker gap.

(b) AMENDMENT.—Title II is amended by adding at the end the following:

"PART G—INFORMATION TECHNOLOGY EDUCATION RECRUITMENT

"SEC. 281. PARTNERSHIPS FOR POSTSECONDARY INFORMATION TECHNOLOGY EDUCATION RECRUITMENT

''(a) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary may make grants under this section, in accordance with competitive criteria established by the Secretary, to institutions of higher education, in order to establish, oversee the operation of, and provide technical assistance to, projects described in paragraph (2).

''(2) PROJECTS.—Projects under this section shall be projects implemented by a community-based organization described in subsection (b), or by the institution of higher education receiving the grant, to provide postsecondary information technology education and employment procurement assistance to eligible individuals described in subsection (c).

''(3) RESTRICTIONS.—An institution of higher education shall be eligible to receive only one grant under this section, but may, subject to the requirements of this section, use the grant to enter into contracts with more than one community-based organization. A community-based organization shall not be eligible to enter into a contract under this section with more than one institution of higher education.

''(4) PERIOD OF GRANT.—The provision of payments under a grant under this section shall not exceed 5 fiscal years and shall be subject to the annual approval of the Secretary and subject to the availability of appropriations for each fiscal year involved.

''(b) COMMUNITY-BASED ORGANIZATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), a community-based organization described in this subsection is an entity that, at the time the entity enters into a contract with an institution of higher education for a project under this section, and throughout the duration of that contract—

''(A) is—

''(i) a governmental agency; or

''(ii) an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code; and

''(B) is one of the following:

''(i) A local partnership (as defined in section 4 of the School-to-Work Opportunities Act of 1994) receiving a grant under section 302 of such Act.

''(ii) An entity organized and operated for religious purposes.

''(iii) An entity furnishing school-age child care services after school.

''(iv) A community-based college computer recruitment center.

''(v) An entity furnishing adult education.

''(vi) A library.

''(vii) A museum.

''(viii) Any other entity organized and operated for cultural, literary, or educational purposes.

''(2) LIMITATION.—An entity shall not be considered a community-based organization described in this subsection unless, at the time the entity enters into a contract with an institution of higher education for a project under this section, it has demonstrated to the satisfaction of the Secretary that—

''(A) it has the capacity successfully to recruit eligible individuals described in subsection (c) for participation in a project described in subsection (a), consistent with the enrollment requirements in subsection (d)(2)(E);

''(B) it is providing an educational service, social service, or employment procurement service; and

''(C) in the case of an entity that independently manages its own finances, it has been in existence 2 years or more.

''(c) ELIGIBLE INDIVIDUALS.—An eligible individual described in this subsection is an individual who—

''(1) has submitted a satisfactory application to receive postsecondary information technology education recruitment assistance through a project under this section; and

''(2) has a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate.

''(d) DUTIES.—

''(1) INSTITUTIONS OF HIGHER EDUCATION.—An institution of higher education receiving a grant under this section shall use the funds provided under the grant to carry out the following duties:

''(A) Final selection of community-based organizations described in subsection (b) desiring to provide, at one or more sites, in accordance with a contract with the institution of higher education and this section, postsecondary information technology education and employment procurement assistance to eligible individuals described in subsection (c).

''(B) Entering into a contract with each community-based organization selected under subparagraph (A) under which the institution and the organization agree to carry out the duties respectively required of them under this section with respect to each site described in subparagraph (A).

''(C) With respect to each site described in subparagraph (A)—

''(i) design of a process for the recruitment of students from site to enroll in college courses or matriculate in college programs;

''(ii) provision of such funding for the establishment and initial operation of the site as was specified in the grant application submitted by the institution to the Secretary;

''(iii) approval of final site selection and preparation;

''(iv) initial orientation and training of personnel employed to manage and operate the site;

''(v) design and certification of the instructional and academic programs, and oversight of the implementation of the programs;

''(vi) oversight of equipment purchases and contracts for equipment maintenance; and

''(vii) selection of an outside contractor for periodic evaluation of the management and operation of the site.

''(2) COMMUNITY-BASED ORGANIZATIONS.—

''(A) IN GENERAL.—A community-based organization implementing a project under this section with an institution of higher education, at one or more sites, shall carry out the duties described in this paragraph, with respect to each such site, subject to the oversight and guidance of the institution.

''(B) GENERAL DUTIES.—The organization—

''(i) shall undertake final site selection and preparation;

''(ii) shall recruit and hire a site director;

''(iii) shall carry out any supplementary instructional, academic, or educational activities specified in the contract with the institution of higher education that are not described in subparagraph (D);

''(iv) shall assemble an advisory committee composed of individuals residing in the community in which the site is located, as well as industry representatives, who desire to assist the organization in ensuring that the goals of the organization are consistent with the goals and needs of the community population;

''(v) shall provide to the institution other evidence of volunteer support from among individuals residing in the community in which the site is located and industry representatives;

''(vi) shall recruit eligible individuals for enrollment, subject to subparagraph (E);

''(vii) shall maintain waiting lists of eligible individuals desiring to enroll in the project's programs;

''(C) SITE REQUIREMENTS.—The organization shall ensure that each site—

''(i) has a minimum of 20 fully functioning computers with sufficient capacity to perform all of the computer operations that are the subject of the curriculum specified in subparagraph (D);

''(ii) in addition to the space for the computers described in clause (i), has—

''(I) a classroom space with the capacity for seating a minimum of 30 students;

''(II) a separate office for the site director;

''(iii) is real property subject to the control of the organization or the institution, through a lease or other legal instrument, for a period of not less than 5 years;

''(iv) is open to enrolled individuals not less than 12 hours per day; and

''(v) is located within walking distance of public transportation.

''(D) INFORMATION TECHNOLOGY CURRICULUM.—

''(i) IN GENERAL.—The organization shall ensure that each site offers enrollees a curriculum that includes a broad range of course work in information technology.

''(ii) COURSES LEADING TO CERTIFICATION.—Such curriculum shall include course work leading to a certification of competence in areas of information technology recognized by the National Skill Standards Board established under the National Skill Standards Act of 1994.

''(iii) SPECIFIC COURSES.—The computer training offered shall include courses in basic computer competence, on-the-job upgrade assistance, and advanced computer competence.

''(E) ENROLLMENT REQUIREMENTS.—The organization shall ensure that its enrollment of eligible individuals at each site is consistent with the following:

''(i) Not less than 50 percent of the eligible individuals shall be, at the time of enrollment, individuals—

''(I) to whom a credit was allowed under section 32 of the Internal Revenue Code of 1986 for the preceding taxable year;

''(II) who are recipients of assistance under a State program funded under part A of title IV of the Social Security Act;

''(III) who are a member of a household participating in the food stamp program; or

''(IV) who are considered low-income pursuant to regulations promulgated by the Secretary under this section.

''(ii) Not less than 50 percent of the eligible individuals shall be, at the time of enrollment, under 25 years of age.

''(iii) No prerequisite relating to net worth, income, or assets may be applied to any eligible individual who, at the time of enrollment, is over 50 years of age, except that this requirement shall not be construed to supersede clause (i).

''(e) IMPLEMENTATION OF PROJECTS SOLELY BY INSTITUTIONS.—The Secretary may make a grant under this section to an institution of higher education that desires to implement a project under this section without the participation of a community-based organization described in subsection (b), if the institution agrees to carry out all of the duties required of such an organization under this section, in addition to the duties otherwise required of an institution of higher education. The Secretary shall, in awarding grants under this section, give priority to institutions of higher education whose grant application includes an assurance that the institution will contract with one or more community-based organizations in accordance with this section.

''(f) APPLICATIONS.—To apply for a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Secretary in accordance with the procedures established by the Secretary. The application shall specify the institution's preliminary selections for the community-based organizations (if any) with which the institution proposes to contract, and shall include information with respect to preliminary site selections.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(h) DEFINITIONS.—For purposes of this section:

''(1) ADULT EDUCATION.—The term 'adult education' has the meaning given such term in section 312 of the Adult Education Act.

''(2) COMMUNITY-BASED COLLEGE COMPUTER RECRUITMENT CENTER.—The term 'community-based computer center' means a computer center—

''(A) funded by both the Federal Government and at least one private sector entity;

''(B) located in a low-income community (as determined by the Secretary); and

''(C) organized and operated for the purpose of providing families with access to computer resources that otherwise would not be available to them.

''(3) FOOD STAMP PROGRAM.—The term 'food stamp program' has the meaning given such term in section 3(h) of the Food Stamp Act of 1977.

''(4) LIBRARY.—The term 'library' has the meaning given such term in section 213 of the Library Services and Technology Act.

''(5) MUSEUM.—The term 'museum' has the meaning given such term in section 272 of the Museum and Library Services Act.''.

Mr. OWENS. Mr. Chairman, this amendment seeks to deal with the omission which I cited earlier. There is a problem, there is a crisis, there is a great need for more information technology workers. There is a crisis that will be met with legislation from this House of Representatives in the 105th Congress. There are a number of different committees looking at the problem, and this committee should do its duty and address the problem.

Government analyses, industry reports, media headlines, and lobbying activities from businesses point to a crisis in the American education system and the workplace. There are not enough workers to fill 200,000 to 400,000 current vacancies in various categories of information technology jobs.

It has been reported that ''a major factor affecting the short supply of information technology workers is a mismatch between what universities teach and what industry needs.'' One industry executive likened the current situation to ''running out of iron ore in the middle of the industrial revolution.''

While I commend the chairmen and ranking members of both the committee and the subcommittee for fashioning a palatable bill, H.R. 6 does not comprehensively address the anchor role that our higher education institutions could play in eliminating America's newest deficit of high skilled technology workers. The Information Technology Partnership Amendment which I am offering here would correct this gross oversight in H.R. 6.

This amendment would authorize a competitive grant program for colleges and universities to establish and oversee information technology education recruitment projects. Higher education institutions would be expected to expand existing resources to establish computer training centers off campus. Priority would be given to those colleges and universities that enter into partnerships with community-based organizations such as after-school centers and nonprofit cultural and educational organizations and even churches.

Many of my colleagues in Congress understand the severity of the shortage of workers with the necessary education to compete in this new millennium. Several reports have documented this crisis: The Commerce Department report entitled ''America's New Deficit''; reports from the Bureau of Labor Statistics; another Commerce report entitled ''The Emerging Digital Economy''; and a report from an industry trade association called ''Help Wanted: A Call for Deliberative Action for the New Millennium.'' These analyses draw a dramatic conclusion about the gross shortages that will exist now and into the year 2005.

Because of the crisis, the Information Technology Association of America has pledged its support for this amendment. As the trade association that represents information technology workers and businesses, ITAA documents how businesses are themselves complaining for assistance.

Mr. Chairman, I submit a letter from ITAA which supports this amendment:

ITAA,
Arlington, VA, April 28, 1998.

Hon. MAJOR R. OWENS,
U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN OWENS: I understand that you are soon to introduce a bill, the ''Workforce Investment Partnership Act.'' Based on a review of your draft legislation, it appears it addresses the information technology (IT) training needs that are critical to the growth of American industry. As the industry association with leadership on growing the domestic IT workforce, the Information Technology Association of America (ITAA) is pleased to see the way you are attempting to deal with creatively the workforce shortage.

ITAA's recently released a study conducted by Virginia Polytechnic Institute and State University (VA Tech), Help Wanted 1998: A call for Collaborative Action for the New Millennium. This study found that there are currently 346,000 vacant IT positions in American companies. These vacancies exist both at high tech companies and in other industry sectors, including banking, retail, insurance, and hospitality. Every region of the country is impacted by this lack of IT talent. The IT skills gap represents thousands of missed opportunities for American workers, because these high paying, high growth jobs remain vacant.

ITAA supports partnerships among stakeholders in business, academia, and government which create opportunities for Americans to pursue IT jobs. ITAA is especially supportive of those partnerships that leverage existing resources (such as college faculties and community-based organizations) for new types of training programs, as your legislation suggest. ITAA looks forward to working with you and your staff to develop this project and include industry leaders in the process.

Thank you for your leadership on this critical issue. If you have any questions or comments please feel free to contact me at hmiller@itaa.org or 703–284–5340, or contact Lauren Brownstein, ITAA's Workforce Education Program Manager, at lbrownstein@itaa.org or 703–284–5318.

Sincerely,

HARRIS N. MILLER,
President.

ITAA MEMBER COMPANIES

3Com Corporation; A.I.H. Systems Group, Inc.; ABT Corporation; Accelr8 Technology Corporation; Adobe Systems, Inc. Federal Systems Division; Advanced Information Network Systems; Advanced Technology Systems Corporation; Affiliated Computer Services, Inc.; AH&T Technology Brokers; AITECH Research, Inc.; Albers & Company; ALIT Inc.; Altenbern, Douglas Honorary ITAA Member; Ambassador Capital Corporation; Amdahl Corporation; America Online,

Inc.; ANATEC; Andersen Consulting LLP; ANSTEC, Inc.; ARKSYS; Arter & Hadden; AT&T; Atkinson & Associates, Inc.; Atlantic Data Services, Inc.; AVATAR Solutions, Inc.;

BDM International, Inc.; BEA Systems; Beach, Stephen H. Honorary ITTA Member; Bellcore; Best Computer Consultants, Inc.; Billennium L.P.; Bob Lejeune, Honorary Member; Boeing; Boston Technology, Inc.; BrightStar Information Technology Group, Inc.; Brookline Technologies Inc.; BTG, Inc.; Business Representation Inc.

CACI International Inc.; Caine Farber and Gordon, Inc.; Caliber Learning Network, Inc.; Cap Gemini America; Capital Technology Information Services: Capricorn Systems, Inc.; Carpenter Associates; Carr, Ambrose A., Jr. Honorary ITAA Member; CCD Online Systems, Inc.; Center For Innovative Technology; Century for Innovative Technology; Century Staffing Consultants; Chuck Wheeler Associates, Inc.; CIBER 2000, Inc.; Claremont Technology Group, Inc.; Class Solutions Ltd.; Cognos Corporation; COLMAR Corporation; Complete Business Solutions, Inc.; Computec International Resources Inc.; Computer Associates International, Inc.; Computer Generated Solutions, Inc.; Computer Horizons Corporation; Computer People Inc.; Computer Sciences Corporation; Computer Task Group, Inc. (CTG); COMSYS Technical Services, Inc.; Consist International, Inc.; Contract Solutions, Inc.; Coopers & Lybrand L.L.P.; Corporate Executive Computing, Inc.; Cotelligent Group, Inc.; CROSS ACCESS Corporation; CrossRoute Software, Inc.; Crowell & Moring; CTA Incorporated; CyberCash, Inc.; Cyborg Systems, Inc.

Data Dimensions, Inc.; Data General Corporation; Data Processing & Accounting Services; Data Processing Resources Corporation; Data Systems Analysts, Inc.; Dataccount Corporation; De Bellas & Co.; Doloitte & Touche LLP; DemoNet Inc.; Dickstein, Shapiro & Morin, LLP; Digital Commerce Corp.; Digital Equipment Corporation; Distributed Software Development, Inc.; DSQ Software Corporation; DynCorp.

Edge Information Group; EDS Corporation; Emerald Solutions, Inc.; Envision, Inc.; Epsilon Software Development Company; Ernst & Young.

Fargo Provisioning; Federal Data Corporation; Federal Sources, Inc.; First Floor Software; Forecross Corporation; Foursight Seminars, Inc.; Fujitsu Limited; Fundamental Software.

G2R; Galland, Kharasch & Garfinkle, P.C.; GE Information Services; Geac Computer Systems, Inc.; General Dynamics Information Systems; Global Data Solutions; GMR Technologies International; GMRTI; Goel & Associates, P.C.; Goetz Associates Honorary ITAA Member; Golder, Thoma, Cressey, Rauner, Inc.; Government Strategy Advisors; Government Technology Services, Inc.; Grant Thornton LLP; Great Lakes Technologies Group; Greenbrier & Russel, Inc.; GTE Internetworking; GTE Technology and Systems.

Hanover & Associates, Ltd.; Hazel & Thomas, PC; Highmark Blue Cross Blue Shield; Hinton Industries, Inc.; Hogan & Hartson; Holland & Knight LLP; Howard Systems International, Inc.

IBM Corporation; IBM Global Services; IBS Conversions, Inc.; IDC Governments, Inc.; IMI Systems, Inc.; Immigration Law Group, LLP; Information Management Resources, Inc.; Information Systems Resources, Inc.; INPUT; Intermetrics, Inc.; INTERSOLV, Inc.; Intertec Communications, Inc.; Into 2000 Inc.; Introspect Corporation; IONA Technologies.

J.G. Van Dyke Associates, Inc.; James Martin Government Consulting, Inc.; James, Luanne Honorary ITAA Member; Jerger Associates.

Keane, Inc.; Kearney & Company; Keith Bates & Associates, Inc.; Kirkpatrick & Lockhart LLP; Knautz, Allan Honorary ITAA Member; KPMG Peat Marwick LLP.

Landmark Systems Corporation; Levi, Ray & Shoup, Inc.; LexiBridge Corporation; Litton PRC; Locate In Kent; Lockheed Martin Federal Systems; Lyons & Associates, Inc.

Manley, Robert Honorary ITAA Member; MAPSYS; Marimba, Inc.; Market* Access International; Martec Computer Services Company; MASTECH Corporation; MatchPoint Systems, Inc.; MAXIMUS, Inc.; Maxxion Systems Inc.; McCabe & Associates, Inc.; McGuire, Woods, Battle & Booth; MCI Inc.; McKenna & Cuneo, L.L.P.; Mercer Computer Systems, Inc.; Merrill Lynch; Micro Focus, Inc.; Microsoft Corporation; Millennia III; Millennium Dynamics, Inc.; MCL Group, Inc.; modis.

Napersoft, Inc.; National Comprehensive Services Corp.; NBS Systems, Inc.; NeoMedia Technologies, Inc.; NEPS Inc.; NETCOM On-Line Communication Services, Inc.; Netscape Communications Corp.; New Art Technologies, Inc.; Next Millennium Consulting, Inc.; NIIT (USA) Inc.; Northrop Grumman Corp—Data Systems & Serv. Div.; Novadyne Computer Systems, Inc.

O'Grady-Peyton International; Olympic Staffing Services; Onstad, Phillip C. Honorary ITAA Member; Open Market, Inc.; Oracle Corporation; Oracle Corporation.

Paragon Computer Professionals, Inc.; Pentamation Enterprises, Inc.; Peopleware Technical Resources, Inc.; Performance Technology Group; Phil Butler & Associates, Ltd.; Phoenix Software International; Pierre Audoin Conseil; Piscopo, J.A. Honorary ITAA Member; PLATINUM Technology, Inc.; Price Waterhouse LLP; PRINCE Software, Inc.; Princeton Information Ltd.; Prodigy Services Corporation; PSDI.

Quality Engineering Software Automation (QES).

Rapasky, John R. Honorary ITAA Member; Rational Software Corp.; RCG Information Technology, Inc.; Reasoning, Inc.; Renaissance Solutions, Inc.; Renaissance Worldwide; Robbins-Gioia, Inc.; Robert Half International, Inc.; Rollins, Arthur Honorary ITAA Member.

Sachs, Spector, Glasser & Waxman, P.C.; Sam Albert Associates; SCB Computer Technology, Inc.; Schoenberg, Lawrence ITAA Honorary Member; Science Applications International Corporation (SAIC); SCO; Secure Computing Corp.; Government Division; Sentry Technology Group; Sequent Computer Systems, Inc. (Federal Division); SERENA Software International; Serendipity Consulting; Seyfarth, Shaw, Fairweather & Geraldson; Shaw Pittman Potts & Trowbridge; Signet Bank; Silicon Graphics, Inc.; Silverline Industries, Inc.; Softech International; Software AG Americas; Software Productivity Consortium; Software Services Corporation; Software Synergy, Inc.; SOFTWORKS, Inc.; Solomon Software; Southbridge Financial Corporation; Southwestern Business Resources; Specifics, Inc.; SPR Inc.; Sprint; Spyglass, Inc.; SRA International, Inc.; SRI Consulting; STA America; Standard Data Corporation; Stanford Consulting Group; Sterling Commerce, Inc.; Sterling Software, Inc.; Strategia Corporation; Sun Microsystems/Gov't Software Group; SunGard Data Systems Inc.; Superlative Technologies, Inc.; SVI America Corporation; Sybase Federal; Symantec Federal Region; Syntel, Inc.; System One Technical, Inc.; Systems & Computer Technology Corporation.

TCG Software, Inc.; TechnoPraxis Group Inc.; Techquest, Inc.; The Comdyn Group; The Dun & Bradstreet Corporation; The Jefferson Group; The Software Factory; The Updata Group, Inc.; Thinking Tools, Inc.; Tone Software Corporation; Tracor Enterprise Solutions, Inc.; Transition Software Corporation; Transportation Consulting Group, Inc.; Triad Data Inc.; TRW; TSI International Software, Ltd.

Ultim—IT Solutions Inc.; Ultradata Corporation; Ultradata Systems Inc.; Ulysses Group Associates, Inc.; Unisys Federal Systems Division; USF&G Corporation.

Vanstar Corp., Gov't Systems Group; Vector Consulting; VentureTech 2000, Inc.; Veronex Technologies, Inc.; Vertex Inc.; Veson, Inc.; VIASOFT, Inc.; Village Information Solutions, L.L.C.; Virtual Consulting.

Wang Federal; Wang, Inc.; Waterfield Technology Group, Inc.; Wellinger & Associates, Inc.; Welsh, Carson, Anderson & Stowe; Wheat International Communications Corp.; William M. Mercer, Inc.

Y2K Solutions Group, Inc.; Y2Kplus, Inc.; Year 2000 Inventory Management Ltd.; Zitel Corporation; Zmax Corporation.

Mr. Chairman, I might add also that there is another solution being proposed by the Committee on the Judiciary. The Committee on the Judiciary proposes to meet this crisis by importing, or by changing the visa quota by increasing it from 60,000 to 115,000 and bringing in professionals from foreign countries, trained professionals in this area from foreign countries. They will solve the problem that way instead of addressing the need to prepare more of our own citizens for this very important set of jobs.

Mr. Chairman, these jobs will be around for a long time. There is a stratification. It is not only the people at the very top who are designers and the engineers for computers and for software. It is not only the computer programmers, but also technicians and technologists.

All of the estimates of the vacancies so far have not taken into consideration the needs outside of business. They are only looking at business needs. They have not looked at the needs of the schools and the colleges where there is a shortage of people who can deal with educational information technology. Education technology will require more teachers and teachers will have to have technology assistants and technicians.

Just as we have an automobile culture in this country that has built up over many decades of the automobile existing, we are going to have a culture of the computer and a culture of information technology which will have people at all strata and we should prepare for that now.

This amendment recognizes that higher education institutions have the capacity and the resources to provide the major role for a comprehensive information technology education recruitment program. The Information Technology Partnerships Amendment offers an incentive for colleges and universities to leverage their existing resources, enter into partnerships with community groups and obtain input from industry groups to help educate and prepare American citizens for these vast job opportunities.

Colleges and universities would be expected to recruit the participants

who will be trained at the computer education centers. Those recruits would go on for college study. This amendment would encourage colleges to recruit actively those individuals who would normally not be exposed to such computer training and to the college environment.

In low-income communities, as has been documented by several articles in The Washington Post and the New York Times, the exposure to computers is not there. Students cannot learn this field or get involved in it unless they have the opportunity to practice on computers.

So I urge that this amendment be adopted, that we go into the 21st century with the participation of this committee on this particular piece of legislation to place us in the bargaining process that is going to take place among all the committees to solve this problem.

Mr. McKEON. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. Chairman, the gentleman's heart is in the right place, he is trying to do what is right, and I think has some very good things that he is trying to do in this amendment. This is a bipartisan bill and we worked together on a lot of these areas, but it was one amendment that we were not able to accept.

Mr. Chairman, we just cannot do everything with a Federal program. According to the Department of Education, more than 550,000 students were enrolled in computer science programs in the 1995–96 academic year. The current student aid program provides millions of individuals with the opportunity to pursue any field they choose as workforce demands change for different occupations. Students can choose programs as short as 6 months or as long as a Ph.D.

States that have shortages in finding employees to fill technical jobs can use funds they match under the State Student Incentive Program which is currently authorized and appropriated for providing student financial aid programs targeted to those fields.

Or, as a last resort, we can do it without the Federal Government. We can do a program like is being done in my district. We have a community college that joined with a city that joined with several industries and put together a program on their own to train employees.

I agree wholeheartedly with the gentleman from New York (Mr. OWENS) that we should not be importing employees. We should be doing a better job of training them. I think that there are just better ways to do it than in this new amendment, and I would urge a ''no'' vote on the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. OWENS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. OWENS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 411, further proceedings on the amendment offered by the gentleman from New York (Mr. OWENS) will be postponed.

The point of no quorum is considered withdrawn.

Are there any further amendments to title II?

AMENDMENT NO. 19 OFFERED BY MR. EDWARDS

Mr. EDWARDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 19 Offered by Mr. EDWARDS:

In section 271 of the Higher Education Act of 1965, as amended by the manager's amendment offered by the gentleman from Pennsylvania, strike ''and'' at the end of paragraph (2), strike the period at the end of paragraph (3) and insert ''; and'', and after such paragraph (3) insert the following new paragraph:

''(4) to provide competitive grants to States for assistance in improving the managerial skills of school principals and superintendents.

In section 273(a) of the Higher Education Act of 1965, as amended by the manager's amendment offered by the gentleman from Pennsylvania, add at the end the following new paragraphs:

''(7) Developing and implementing effective mechanisms to provide principals and superintendents with advanced managerial skills.

''(8) Creating opportunities for school principals and superintendents to further their professional development by providing advanced managerial skills training.

MODIFICATION TO AMENDMENT NO. 19 OFFERED BY MR. EDWARDS

Mr. EDWARDS. Mr. Chairman, I ask unanimous consent that the amendment be modified in the new form at the desk, which I believe is acceptable to the committee chairman, subcommittee chairman and full committee ranking member.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment No. 19 offered by Mr. EDWARDS:

In section 273(a) of the Higher Education Act of 1965, as amended by the manager's amendment offered by the gentleman from Pennsylvania, add at the end the following new paragraphs:

''(7) Developing and implementing effective mechanisms to provide principals and superintendents with advanced managerial skills.

''(8) Creating opportunities for school principals and superintendents to further their professional development by providing advanced managerial skills training.

The CHAIRMAN. Is there objection to the modification to the amendment offered by the gentleman from Texas (Mr. EDWARDS)?

There was no objection.

Mr. EDWARDS. Mr. Chairman, this bill wisely brings together State and local officials in a commitment to improving the quality of training for our Nation's teachers. I strongly support that effort.

My amendment would expand the focus of job development grants to include management training for school superintendents and principals.

I believe it is critical for the future of our children that we provide better management training to our school principals and superintendents, because they play a very significant role in the lives of our students, they play a vital role in our public school system in America.

Mr. Chairman it is interesting if we look at dozens and dozens of cases of school turnarounds around the country where a school district had essentially the same amount of funds, the same students, the same teachers, and yet from one year to the next over a period of 2 years there was a significant turnaround and improvement of morale and student achievement. The one common bond we find in all of those cases is that there was a strong leader as a principal or as a superintendent that came into that school or district and used all of the many management skills necessary to lead an educational institution.

It is no coincidence that corporations provide millions of dollars for management training for their mid-level and upper-level management personnel. And yet historically our Nation has provided but a pittance for management training of those principals and superintendents who oversee products, our children, far more important than a product of any corporation in this country.

Providing professional development opportunities and management training will allow school administrators to improve their skills. Improved management at both the school and district level will have a positive effect on students, teachers and parents.

Students will learn more effectively in a positive environment and teachers, like all employees anywhere, are happier and more effective under good leadership and strong management. Better trained administrators will improve the overall quality of our Nation's education system.

I believe it makes sense to focus on management training in business, and I believe in this bill it will make sense to focus a small amount of resources on management training of our Nation's school superintendents and principals.

For that reason, I urge the passage of this amendment.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS. I yield to the gentleman from Indiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman from Texas (Mr. EDWARDS) for yielding.

Mr. Chairman, I want to salute my good friend and classmate from the State of Texas for coming up with this idea on this amendment. I support this

amendment for three reasons: First of all because it expands the quality management to the very top level. It does not make any sense for us in business to say that the middle managers are going to get trained but then it is CEOs are not going to be eligible for that training.

Secondly, I am going to support this amendment because I believe sharing this expertise is one of the most critical functions in professional development. We have an award where we have a local teacher who just won it, the Christa McAuliffe award. She came back from spending several days in California with fellow teachers and came back to school in South Bend, Indiana, and never had the time to share the knowledge and the good things that she gleaned from the other teachers with her fellow teachers in South Bend. We need to provide more opportunities for this quality enhancement in management.

And lastly, because the world is changing so quickly, we have technology and software that many teachers who have been teaching for 20 years are not keeping up with this technology and software improvement. We need to be able to get into the classrooms, whether they be principals or whether they be teachers, all of the people together working on professional development and enhancing the quality of teaching in our schools.

So I salute the gentleman. I applaud him for this good amendment, and I encourage my colleagues to vote for it.

□ 2130

Mr. MCKEON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to commend the gentleman from Texas. He is not a member of the committee, but he has great appreciation for education, and he has put a lot of thought in this amendment, and I think it really strengthens the bill. I would be happy to accept it.

Mr. EDWARDS. Mr. Chairman, if the gentleman will yield, I thank the Chairman and full committee chairman and the ranking member for their support and help and leadership on this issue.

The CHAIRMAN. Is there further discussion on the amendment?

The question is on the amendment, as modified, offered by the gentleman from Texas (Mr. EDWARDS).

The amendment, as modified, was agreed to.

AMENDMENT NO. 49 OFFERED BY MR. MILLER OF CALIFORNIA

Mr. MILLER of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 49 offered by Mr. MILLER of California:

Page 68, line 12, redesignate section 206 as section 207, and before such line insert the following new section (and conform the table of contents accordingly):

SEC. 206. ACCOUNTABILITY FOR INSTITUTIONS OF HIGHER EDUCATION THAT PREPARE TEACHERS.

Title II is further amended by adding at the end the following new part:

"PART F—ACCOUNTABILITY FOR INSTITUTIONS OF HIGHER EDUCATION THAT PREPARE TEACHERS

"SEC. 281. DATA COLLECTION.

''(a) DATA REQUIRED.—Within one year after the date of enactment of the Higher Education Amendments of 1998, and annually thereafter, the Secretary shall collect from each State receiving funds under this Act and publish the following information:

''(1) A description of the teacher licensing and credentialing assessments used by each State, including any and all assessments required in the subject matter area or areas in which a teacher provides instruction.

''(2) The standards and criteria established by each State that teachers or prospective teachers must meet in order to receive a passing score on such assessments, including information on the extent to which passing such examinations is required in order for an individual to be a classroom teacher.

''(3) Information on the extent to which teachers or prospective teachers in each State are required to take examinations or other assessments of their subject matter knowledge in the area or areas in which they provide instruction, the standards established for passing any such assessments, and the extent to which teachers or prospective teachers are required to receive a passing score on such assessments in order to teach in specific subject areas or grade levels.

''(4) Information on the extent to which each State waives teacher credentialing and licensing requirements, including the proportion of all teachers or prospective teachers in the State for whom such licensing and credentialing requirements have been waived and the distribution of such individuals across high- and low-poverty schools and across grade levels and subject areas.

''(5) The pass rate, for the preceding year, on all teacher licensing and credentialing assessments for all individuals in the State who took such assessments, disaggregated by the institution of higher education from which the teacher received his or her most recent degree.

''(b) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher licensing or credentialing assessments in a State other than the State in which the individual received his or her most recent degree.

''(c) USE OF LOCAL AGENCIES.—For each State in which there are no State licensing or credentialing assessments, the Secretary shall, to the extent practicable, collect data comparable to the data described in paragraphs (1) through (5) of subsection (a) from local educational agencies, colleges and universities, or other entities that administer such assessments to teachers or prospective teachers.

"SEC. 282. DATA DISSEMINATION.

''(a) EFFECTIVE DATE OF REQUIREMENTS.—The data required to be distributed under this section shall be distributed beginning within 3 years after the date of enactment of the Higher Education Amendments of 1998 and annually thereafter.

''(b) PASSING RATES.—Each institution of higher education that has a course of study that prepares elementary and secondary school teachers and receives Federal funds will report and distribute widely, including through prominent publications such as catalogs and promotional materials sent to potential applicants, high school guidance counselors, and the employers of graduates of such institutions, their pass rate for graduates of the institution on each of the State's initial teacher certification and licensing assessments for the most recent year for which data are available at the time of publication of such materials.

''(c) IDENTIFICATION OF INSTITUTIONS WITH PASSING RATES BELOW 70 PERCENT.—Each State shall submit to the Secretary a list of institutions of higher education that prepare teachers and receive Federal funds under this Act for which, for the preceding year, less than 70 percent of graduates who took any of the State's initial teacher licensing and credentialing assessments failed to receive a passing score on any such assessment. For each assessment, data shall be disaggregated by the institution of higher education from which the student received his or her most recent degree, unless such degree was granted more than 3 years prior to the date such assessment was administered.

"SEC. 283. STATE FUNCTIONS.

''(a) STATE ASSESSMENT.—In order to receive funds under this Act, a State shall, no later than one year after the date of enactment of the Higher Education Amendments of 1998, have in place a procedure to identify low performing programs of teacher preparation within institutions of higher education. Such levels of performance shall be determined solely by the State and may include criteria based upon information collected pursuant to this part. Such assessment shall be described in the report under section 281.

''(b) TERMINATION OF ELIGIBILITY.—Any institution of higher education that offers a program of teacher preparation in which the State has withdrawn its approval or terminated its financial support due to the low performance of its teacher preparation program based upon the State assessment described in section (a)—

''(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

''(2) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in its teacher preparation program.

"SEC. 284. NEGOTIATED RULEMAKING.

''If the Secretary develops any regulations implementing section 283(b)(2), the Secretary shall submit such proposed regulations to a negotiated rulemaking process which shall include representatives of States and institutions of higher education for their review and comment.

Mr. MILLER of California. Mr. Chairman, teacher preparation is the foundation of our entire educational system. All across the Nation, States and local school districts are raising the standards for what students should know and be able to do. If we are truly serious about helping all of these students meet these new standards, we must ensure that the teachers of the future have the requisite knowledge and skills to get them there.

One important step in meeting that goal is to strengthen the quality of programs that prepare our prospective teachers. While many colleges and universities do a fine job of preparing teachers, others fall short, sometimes far short, in providing the prospective teachers with the education and training that they need. This bill presents an opportunity.

In the committee, I offered an amendment which would have cut off

funding for teacher colleges that did not meet a certain test. That amendment was not accepted. Since that time, I have been spending time with the minority and other members of the committee to work on this amendment to see whether or not we can get it acceptable. I want to thank the gentleman from Pennsylvania (Mr. GOODLING), the chairman, and the gentleman from California (Mr. MCKEON), the subcommittee chairman, for all of their help and support on this amendment. I want to thank the gentleman from Tennessee (Mr. FORD) for all of his help with this amendment.

We offer this amendment to try to encourage States and to increase, one, the information about their schools of education and how they are doing, and to make sure that that information is disseminated to prospective candidates to those schools so that they will understand when they go to that school what is the passage rate at that school; and also to disseminate to the policymakers within that State exactly what is the status of that school.

I think this is very important because the Federal Government provides about $1.8 billion in Federal support to schools of education, that is grants, loans, and work studies, in 1995 and 1996 alone and does not count other Federal monies that flows to these schools.

I think it is important that we know and the prospective students in these schools know what it is that they will get when they enroll in these schools. What my amendment would do, after much conversation and consultation with the minority and others, it would see to it that the schools of education would try and prepare the students who want to become teachers of the future to meet the quality standards set by those States; not quality standards set by the Federal Government, but quality standards set by those States.

It is intended to spur the schools of education to undertake reforms that will upgrade the quality of the teacher preparation programs. It is designed to send a message to schools and to colleges and universities that they should raise the status of teacher education to a level similar to the programs of other professionals.

We very often hear that we do not pay teachers enough or we do not treat them like professionals. But until such time as we have the quality standards to gain the confidence of the American public, it is likely that we will continue to underpay our teachers. I think that that is most unfortunate.

This amendment is also designed to provide greater accountability for the money that the Federal Government spends. Why do we do this? We do this because teacher quality is important.

Earlier this evening, I talked about how our committee held hearings and listened to constructive critics of the current system of higher education and teaching and education and all that went with it, and we heard a lot of evidence.

One of the things we heard over and over and over, we heard it from conservatives and from liberals, from professionals in the field and from critics in the field, the teacher quality is arguably the most important factor outside of family affecting student achievement.

I believe that this amendment directs both information to people who want to become teachers and that hold teacher colleges accountable should those States decide to do it.

We ought to understand that teacher quality accounts, according to information given to our committee, for 43 percent of the variance in student achievement scores. Other information from the University of Tennessee indicates that poor teachers in early grades have serious and long-lasting effects on the achievement of our students.

That is what this amendment is designed to remedy. It does it in a far different fashion than I offered it in committee. I think it is consistent with the concerns the minority had that the States be able to continue to keep control of these systems. It does it in a consistent way with actions that were seen taken in States like New York, Florida, Texas, California, Pennsylvania, and others that are all moving in this direction.

It augments, I think, some very important steps that have already been taken in this legislation to increase the ability of this legislation to address teacher quality through student loan forgiveness for qualified teachers who teach in high-priority schools, grants to States for upgrading student teacher preparation, and certification systems and partnerships between colleges and school districts to provide intensive professional development program.

The CHAIRMAN. The time of the gentleman from California (Mr. MILLER) has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 1 additional minute.)

Mr. MILLER of California. Mr. Chairman, I do this because we have got to make sure that, for the quality education that we know our economy and American society and the world economy are going to demand of our children and the children, future graduates, of our systems of higher education, that we have got to provide them with quality education.

No longer can we have a situation where barely a quarter of the applicants in New York who were seeking a teaching position on Long Island could pass the high school graduation English test. We can no longer accept that.

Teachers deserve to have professional status. They deserve to have professional pay. I believe this goes a long way toward helping that situation out and providing some accountability for schools where taxpayers invest billions of dollars.

Again, I want to thank the gentleman from California (Mr. MCKEON), the subcommittee chairman, and the gentleman from Pennsylvania (Mr. GOODLING), chairman, for all of their help and their effort and their counsel in coming to an agreement on this amendment.

Mr. GOODLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to point out that the initial amendment that the gentleman from California (Mr. MILLER) had offered I had considerable problems with. It has been dramatically modified, and I would like to explain that.

I want to highlight what I believe represents a significant difference between this amendment and the earlier versions that were offered by the gentleman from California (Mr. MILLER) during the full committee of this legislation.

Specifically, this amendment does not include a minimum Federal pass rate standard. Under that proposal, institutions of higher education failing to meet this Federal standard would have automatically lost access to title IV student loan funding.

I had several problems with that approach, because I do not support placing a Federal standard on States and institutions that would dictate when Federal funds would be terminated. I do not believe that Washington should set such a standard.

Second, I thought the approach was too arbitrary given that nearly all States have different tests which they require for teacher licensure, and those that have similar tests often score them very differently. I believe that this approach would have, in effect, penalized those States with the hardest tests while at the same time provide a disincentive to States which, under our block grants, we have encouraged to strengthen our exams and focus more on content knowledge.

I was concerned about terminating title IV student aid to an institution based on this arbitrary Federal standard. Under the new amendment, there is no Federal pass rate standard. Instead, States will implement procedures to identify low-performing teacher preparation programs based upon performance determined solely by the State.

In the event a State ends financial assistance or approval for a low-performing teacher preparation program, this amendment would also ensure that such institution would not be eligible for any Federal professional development funds from the U.S. Department of Education, nor would such programs be permitted to accept or enroll students in its teacher preparation program.

The bottom line is that the Federal Government should not fund the teacher preparation program which the State itself does not support due to its poor quality and in which the State has terminated State funds.

Let me make a point with respect to the information which States will have to collect and disseminate. It is my understanding that this information, such as pass rates for teacher license exams, is already collected by many States and institutions. However, this information is rarely provided to prospective students who are trying to make informed decisions regarding which program or institution to attend. By ensuring this information is made available, I believe there will be more competition between these programs resulting in better programs.

With the modifications and with the changes, we accept the amendment offered by the gentleman from California (Mr. MILLER).

Mr. KILDEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is certainly a better amendment than was offered in committee, but it does add elaborate and costly new comprehensive reporting requirements for States.

Some States, under this amendment, would be required to provide information they do not currently collect. It also adds new substantial and costly reporting requirements for higher education institutions.

This information, as it is required to be reported under the amendment, gives potentially misleading information about the performance of education programs and should not become the basis for terminating Federal or State support alone.

Finally, the amendment appears to condition future eligibility for Federal student loans and grants for education programs based solely on the level of State financial support.

The full effect of this amendment is not really known; however, it could have an adverse effect upon certain institutions such as historically black colleges and universities as well as others.

It is also reminiscent, Mr. Chairman, of the State postsecondary review entities which H.R. 6 repeals. I recently received a letter from the American Council on Education which urges our vigorous opposition to this, quote, heavy-handed Federal intrusion.

I certainly would like to work with the sponsor of this amendment, the gentleman from California (Mr. MILLER), in conference to address his goal of improving the quality of teacher instruction, but I feel this is a defective device to achieve that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. MILLER).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title II?

The Clerk will designate title III.

The text of title III is as follows:

TITLE III—INSTITUTIONAL AID

SEC. 301. STRENGTHENING INSTITUTIONS.

(a) PROGRAM PURPOSE; USE OF FUNDS.—Section 311 (20 U.S.C. 1057) is amended—

(1) in subsection (b)(2), by striking ''or'' at the end of subparagraph (A) and inserting ''and'';

(2) by amending paragraph (3) of subsection (b) to read as follows:

''(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, the use of funds for integrating computer technology into institutional facilities to create smart buildings.''; and

(3) by adding at the end the following new subsections:

''(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

''(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

''(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

''(5) tutoring, counseling, and student service programs designed to improve academic success;

''(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

''(7) joint use of facilities, such as laboratories and libraries;

''(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

''(9) establishing or improving an endowment fund;

''(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services; and

''(11) other activities proposed in the application submitted pursuant to subsection (c) that—

''(A) contribute to carrying out the purposes of this section; and

''(B) are approved by the Secretary as part of the review and acceptance of such application.

''(d) ENDOWMENT FUND LIMITATIONS.—

''(1) PORTION OF GRANT.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

''(2) MATCHING REQUIRED.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

''(3) REGULATIONS.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.''.

(b) ENDOWMENT FUND DEFINITION.—Section 312 (20 U.S.C. 1058) is amended by adding at the end the following new subsection:

''(g) ENDOWMENT FUND.—For the purpose of this part, the term 'endowment fund' means a fund that—

''(1) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

''(2) is maintained for the purpose of generating income for the support of the institution; and

''(3) does not include real estate.''.

(c) DURATION OF GRANT.—Section 313 (20 U.S.C. 1059) is amended—

(1) in subsection (a), by inserting before the period at the end the following: '', except that no institution shall be eligible to secure a subsequent 5-year grant award under this part until two calendar years have elapsed since the expiration of its most recent 5-year grant award''; and

(2) in subsection (b), by inserting ''subsection (c) and a grant under'' before ''section 354(a)(1)''.

(d) APPLICATIONS.—Title III is amended by striking section 314 (20 U.S.C. 1059a) and inserting the following:

''SEC. 314. APPLICATIONS.

''Each eligible institution desiring to receive assistance under this part shall submit an application in accordance with the requirements of section 351.''.

(e) PROGRAM FOR TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.—Section 316 (20 U.S.C. 1059c) is amended to read as follows:

''SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

''(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

''(b) DEFINITIONS.—For the purposes of this section:

''(1) The term 'Indian' has the same meaning as in section 2 of the Tribally Controlled Community Colleges Act of 1978.

''(2) The term 'Indian tribe' has the same meaning as in section 2 of such Act.

''(3) The term 'Tribal College or University' has the meaning given the term 'tribally controlled college or university' in section 2 of such Act, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

''(4) The term 'institution of higher education' means an institution of higher education as defined by section 101(a)(1) of this Act, except that subparagraph (A)(ii) of such section shall not be applicable.

''(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out authorized activities. Such authorized activities may include—

''(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

''(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(4) academic instruction in disciplines in which American Indians are underrepresented;

''(5) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

''(6) tutoring, counseling, and student service programs designed to improve academic success;

''(7) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

''(8) joint use of facilities, such as laboratories and libraries;

''(9) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

''(10) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

''(11) establishing community outreach programs which will encourage American Indian elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education;

''(12) establishing or improving an endowment fund; and

''(13) other activities proposed in the application submitted pursuant to this subsection that—

''(A) contribute to carrying out the purposes of this section; and

''(B) are approved by the Secretary as part of the review and acceptance of such application.

''(d) APPLICATION PROCESS.—

''(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, an institution shall be an institution which—

''(A) is an eligible institution under section 312(b);

''(B) is eligible to receive assistance under the Tribally Controlled Community College Assistance Act of 1978 (Public Law 95–471); or

''(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

''(2) APPLICATION.—Any institution desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

''(A) a 5-year plan for improving the assistance provided by the Tribal College or university to Indian students, increasing the rates at which Indian high school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

''(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraphs (A) and (B) of paragraph (1).

''(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.''.

SEC. 302. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.

(a) USES OF FUNDS.—Section 323(a) (20 U.S.C. 1062(a)) is amended—

(1) by redesignating paragraph (12) as paragraph (13); and

(2) by inserting after paragraph (11) the following new paragraph:

''(12) Establishing or improving an endowment fund.''.

(b) LIMITATIONS.—Section 323(b) is amended by striking paragraph (3) and inserting the following:

''(3)(A) An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

''(B) An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

''(C) The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.''.

(c) PROFESSIONAL OR GRADUATE INSTITUTIONS.—

(1) GENERAL AUTHORIZATION.—Section 326(a) (20 U.S.C. 1063b(a)) is amended—

(A) in paragraph (1), by inserting ''in mathematics or the physical or natural sciences'' after ''graduate education opportunities''; and

(B) in paragraph (2), by striking ''except that'' and all that follows and inserting the following: '', except that no institution shall be required to match any portion of the first $500,000 of its award from the Secretary. After allocations are made to each eligible institution under the funding rules provided in subsection (f), the Secretary shall reallocate, on a pro rata basis, any amounts which remain unallocated (by reason of the failure of an institution to comply with the matching requirements of this paragraph) among the institutions that have complied with such matching requirement.''.

(2) USE OF FUNDS.—Section 326(c) (20 U.S.C. 1063b(c)) is amended by striking paragraphs (1) through (3) and inserting the following:

''(1) purchase, rental or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(2) construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities used exclusively for the purposes of this section, including purchase or rental of telecommunications technology equipment or services;

''(3) purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials;

''(4) scholarships, fellowships, and other financial assistance for needy graduate and professional students to permit their enrollment in and completion of the doctoral degree in medicine, dentistry, pharmacy, veterinary medicine, law, and the doctorate degree in the physical or natural sciences, engineering, mathematics, or other scientific disciplines in which African Americans are underrepresented;

''(5) establish or improve a development office to strengthen and increase contributions from alumni and the private sector;

''(6) assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 331 of this title; and

''(7) funds and administrative management, and the acquisition of equipment, including software, for use in strengthening funds management and management information systems.''.

(3) ELIGIBILITY.—Section 326(e) (20 U.S.C. 1063b(e)) is amended—

(A) in paragraph (1)

(i) by striking ''include—'' and inserting ''are the following:'';

(ii) by inserting ''and other qualified graduate programs'' before the semicolon at the end of subparagraphs (F) through (J);

(iii) by striking ''and'' at the end of subparagraph (O);

(iv) by inserting ''University'' after ''Jackson State'' in subparagraph (P);

(v) by striking the period at the end of such subparagraph and inserting a semicolon; and

(vi) by inserting after such subparagraph the following new subparagraphs:

''(Q) Norfolk State University qualified graduate program; and

''(R) Tennessee State University qualified graduate program.''; and

(B) by striking paragraphs (2) and (3) and inserting the following:

''(2) QUALIFIED GRADUATE PROGRAM.—For the purposes of this section, the term 'qualified graduate program' means a graduate or professional program that provides an accredited program of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented and has students enrolled in such program at the time of application for a grant under this section.

''(3) SPECIAL RULE.—Institutions that were awarded grants under this section prior to October 1, 1998, shall continue to receive such grants, subject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs (Q) and (R) of paragraph (1).''; and

(C) in paragraph (4), by inserting before the period at the end the following: '', except that the president or chancellor of the institution may decide which graduate or professional school or qualified graduate program will receive funds under the grant in any one fiscal year''.

(4) FUNDING RULE.—Section 326(f) (20 U.S.C. 1063b(f)) is amended—

(A) by striking ''Of the amount appropriated'' and inserting ''Subject to subsection (g), of the amount appropriated'';

(B) in paragraph (1)—

(i) by striking ''$12,000,000'' and inserting ''$26,000,000''; and

(ii) by striking ''(A) through (E)'' and inserting ''(A) through (P)''.

(C) by striking paragraph (2) and inserting the following:

''(2) the next $1,000,000 in excess of $26,000,000 shall be available for the purpose of making grants to institutions or programs identified in subparagraphs (Q) and (R) of subsection (e)(1); and

''(3) if the amount appropriated exceeds $27,000,000, the Secretary shall develop a formula for making allotments of such excess to each of the institutions or programs identified in subparagraphs (A) through (R) using the following elements:

''(A) the number of students enrolled in the eligible institution's professional or graduate school, or qualified graduate program which received funding under this section in the previous year;

''(B) the average cost of education per student for all full-time graduate or professional students (or the equivalent) enrolled in the eligible professional school, graduate school or doctoral students in the qualified graduate program; and

''(C) the number of students who received their first professional or doctoral degree at the professional or graduate school or the qualified graduate program in the preceding year for which the institution received funding under this section.''.

(5) HOLD HARMLESS RULE.—Section 326 is further amended by adding at the end the following new subsection:

''(g) HOLD HARMLESS RULE.—Notwithstanding paragraphs (2) and (3) of subsection (f), no institution or qualified program identified in subsection (e)(1) that received a grant for fiscal year 1998 and that is eligible to receive a grant in a subsequent fiscal year shall receive a grant amount in any such subsequent fiscal year that is less than the grant amount received for fiscal year 1998, unless the amount appropriated is not sufficient to provide such grant amounts to all such institutions and programs.''.

SEC. 303. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM.

(a) AMENDMENT.—Title III (20 U.S.C. 1051) is amended—

(1) by redesignating part D as part E; and

(2) by inserting after part C the following new part:

''PART D—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM

''SEC. 341. PROGRAM AUTHORIZED.

''The Secretary shall, in accordance with the provisions of this part, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvements in science and engineering education, and improve support programs for minority students enrolled in science and engineering programs at predominantly minority institutions.

''SEC. 342. USE OF FUNDS.

''Funds appropriated for the purpose of this subpart may be made available for—

''(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

''(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

''(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

''(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

''(5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;

''(6) improving access for pre-college minority students to careers in science, mathematics, and

engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

''(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

''(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

''(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

''SEC. 343. ELIGIBILITY FOR GRANTS.

''The Secretary may make grants under this part to minority institutions (as defined in section 347), organizations, and entities to enable them to carry out programs and activities authorized by this part:

''(1)(A) institutions of higher education granting baccalaureate degrees; and

''(B) institutions of higher education granting associate degrees which—

''(i) have a curriculum including science or engineering subjects;

''(ii) apply jointly with institutions described in subparagraph (A); and

''(iii) have an articulation agreement with institutions described in subparagraph (A) for its science or engineering students; and

''(2) consortia of—

''(A) institutions which have a curriculum in science or engineering;

''(B) graduate institutions which have a curriculum in science or engineering;

''(C) Federal Education Research Centers;

''(D) research laboratories of, or under contract with, the Department of Energy;

''(E) private organizations which have science or engineering facilities; or

''(F) quasi-governmental entities which have a significant scientific or engineering mission;

to enable such institutions and consortia to carry programs and activities authorized by this part.

''SEC. 344. GRANT APPLICATION.

''(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section 343) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

''(1) a program of activities for carrying out one or more of the purposes described in section 342 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

''(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

''(b) APPROVAL BASED ON LIKELIHOOD OF PROGRESS.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

''SEC. 345. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

''The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

''SEC. 346. ADMINISTRATIVE PROVISIONS.

''(a) TECHNICAL STAFF.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than one technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(b) PROCEDURES FOR GRANT REVIEW.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Program.

''SEC. 347. DEFINITIONS.

''For the purpose of this part—

''(1) The term 'minority institution' means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

''(2) The term 'minority' means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

''(3) The term 'science' means, for the purpose of this program, the biological, engineering, mathematical, physical, behavioral, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.''.

SEC. 304. GENERAL PROVISIONS.

(a) APPLICATIONS FOR ASSISTANCE.—Section 351(a) (20 U.S.C. 1066(a)) is amended to read as follows:

''(a) APPLICATIONS.—

''(1) APPLICATIONS REQUIRED.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

''(A) the application meets the requirements of subsection (b);

''(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

''(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

''(2) PRELIMINARY APPLICATIONS.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.''.

(b) CONTENTS OF APPLICATIONS.—Section 351(b) is amended—

(1) in paragraph (5)(A), by inserting ''and the Government Performance and Results Act'' after ''under this title''; and

(2) in paragraph (6), by inserting before the semicolon the following: '', except that for purposes of section 316, paragraphs (2) and (3) shall not apply''.

(c) WAIVERS.—Section 352(a) (20 U.S.C. 1067(a)) is amended—

(1) by striking ''or'' at the end of paragraph (5);

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) the following new paragraph:

''(6) that is a tribally controlled community college as defined in the Tribally Controlled Community College Act of 1978; or''.

(d) APPLICATION REVIEW PROCESS.—Section 353(a) (20 U.S.C. 1068(a)) is amended—

(1) in paragraph (2), by striking ''Native American colleges and universities'' and inserting ''Tribal Colleges and Universities''; and

(2) in paragraph (3)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(e) CONTINUATION AWARDS.—Part D of title III is amended by inserting after section 354 (20 U.S.C. 1069) the following new section:

''SEC. 355. CONTINUATION AWARDS.

''The Secretary shall make continuation awards under this title for the second and succeeding years of a grant only after determining that the recipient is making satisfactory progress in carrying out the grant.''.

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 360 (20 U.S.C. 1069f) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) AUTHORIZATIONS.—

''(1) PART A.—(A) There are authorized to be appropriated to carry out part A (other that sections 316), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(B) There are authorized to be appropriated to carry out section 316, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(B) There are authorized to be appropriated to carry out section 326, $35,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(3) PART C.—There are authorized to be appropriated to carry out part C, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(4) PART D.—There are authorized to be appropriated to carry out Part D, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''; and

(2) by striking subsections (c), (d) and (e).

The CHAIRMAN. Are there any amendments to title III.

If not, the Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

SEC. 401. PELL GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 401(a) (20 U.S.C. 1070a(a)) is amended—

(1) in paragraph (1)—

(A) by striking ''September 30, 1998'' and inserting ''September 30, 2004''; and

(B) by striking the second sentence; and

(2) in paragraph (2), by striking ''the disbursement system required by paragraph (1)'' and inserting ''the disbursement of Federal Pell Grants''.

(b) AMOUNT OF GRANT.—Section 401(b)(2)(A) is amended to read as follows:

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

''(i) $4,500 for academic year 1999–2000,

''(ii) $4,700 for academic year 2000–2001,

''(iii) $4,900 for academic year 2001–2002,

''(iv) $5,100 for academic year 2002–2003, and

''(v) $5,300 for academic year 2003–2004,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.''.

(c) RELATION OF MAXIMUM GRANT TO TUITION AND EXPENSES.—Section 401(b)(3) is amended—

(1) by striking ''$2,400'' each place it appears and inserting ''$3,000''; and

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

''(C) An institution that charged only fees in lieu of tuition as of January 31, 1997, may include in its determination of tuition charged, fees that would normally constitute tuition.''.

(d) DEPENDENT CARE AND DISABILITY RELATED EXPENSES.—Section 401(b)(3)(B) is amended by striking ''$750'' and inserting ''$1,500''.

(e) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES.—Section 401 is amended by adding at the end the following new subsection:

''(j) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES.—

''(1) IN GENERAL.—No institution of higher education shall be an eligible institution for purposes of this section if such institution of higher education is ineligible to participate in a loan program under this title as a result of a final default rate determination made by the Secretary under part B or D of this title, or both, after the final publication of fiscal year 1996 cohort default rates.

''(2) SANCTIONS SUBJECT TO APPEAL OPPORTUNITY.—No institution may be subject to the terms of this subsection unless it has had the opportunity to appeal its default rate determination under regulations issued by the Secretary for the Federal Family Education Loan or Federal Direct Loan Program, as applicable. This subsection shall not apply to an institution that was not participating in the loan programs authorized under part B or D of this title on the date of enactment of the Higher Education Amendments of 1998, unless the institution subsequently participates in the loan programs.''.

(f) CONFORMING AMENDMENTS.—

(1) Section 400(a)(1) (20 U.S.C. 1070(a)(1)) is amended by striking ''basic educational opportunity grants'' and inserting ''Federal Pell Grants''.

(2) The heading of subpart 1 of part A of title IV is amended to read as follows:

''Subpart 1—Federal Pell Grants''.

(3) Section 401 is amended—

(A) in the heading of the section, by striking ''**basic educational opportunity**'' and inserting ''**federal pell**'';

(B) in subsection (a)(3), by striking ''Basic grants'' and inserting ''Grants'';

(C) by striking ''basic grant'' each place it appears and inserting ''Federal Pell Grant''; and

(D) by striking ''basic grants'' each place it appears and inserting ''Federal Pell Grants''.

(4) Section 401(f)(3) is amended by striking ''Education and Labor'' and inserting ''Education and the Workforce''.

(5) Section 452(c) (20 U.S.C. 1087b(c)) is amended by striking ''basic grants'' and inserting ''Federal Pell Grants''.

(6) Subsections (j)(2) and (k)(3) of section 455 (20 U.S.C. 1087e) are each amended by striking ''basic grants'' and inserting ''Federal Pell Grants''.

SEC. 402. FEDERAL TRIO PROGRAMS.

(a) PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.—

(1) DURATION OF GRANTS.—Section 402A(b)(2) (20 U.S.C. 1070a–11(b)(2)) is amended—

(A) by striking subparagraph (A);

(B) by striking the period at the end of subparagraph (B) and inserting ''; and'';

(C) by redesignating subparagraph (B) as subparagraph (A); and

(D) by adding at the end the following new subparagraph:

''(B) grants under section 402H shall be awarded for a period determined by the Secretary.''.

(2) MINIMUM GRANTS.—Section 402A(b)(3) is amended to read as follows:

''(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants under this chapter shall be no less than—

''(A) $170,000 for programs authorized by sections 402D and 402G;

''(B) $180,000 for programs authorized by sections 402B and 402F; and

''(C) $190,000 for programs authorized by sections 402C and 402E.''.

(3) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—Subsection (c) of section 402A is amended to read as follows:

''(c) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

''(1) APPLICATION REQUIREMENTS.—An eligible entity that desires to receive a grant or contract under this chapter shall submit an application to the Secretary in such manner and form, and containing such information and assurances, as the Secretary may reasonably require.

''(2) PRIOR EXPERIENCE.—In making grants under this chapter, the Secretary shall consider each applicant's prior experience of service delivery under the particular program for which funds are sought. The level of consideration given the factor of prior experience shall not vary from the level of consideration given such factor during fiscal years 1994 through 1997, except that grants made under section 402H shall not be given prior experience consideration.

''(3) ORDER OF AWARDS; PROGRAM FRAUD.—(A) Except with respect to grants made under sections 402G and 402H and as provided in subparagraph (B), the Secretary shall award grants and contracts under this chapter in the order of the scores received by the application for such grant or contract in the peer review process required under section 110 and adjusted for prior experience in accordance with paragraph (2) of this subsection.

''(B) The Secretary is not required to provide assistance to a program otherwise eligible for assistance under this chapter, if the Secretary has determined that such program has involved the fraudulent use of funds under this chapter.

''(4) PEER REVIEW PROCESS.—(A) The Secretary shall assure that, to the extent practicable, members of groups underrepresented in higher education, including African Americans, Hispanics, Native Americans, Alaska Natives, Asian Americans, Native American Pacific Islanders (including Native Hawaiians), are represented as readers of applications submitted under this chapter. The Secretary shall also assure that persons from urban and rural backgrounds are represented as readers.

''(B) The Secretary shall ensure that each application submitted under this chapter is read by at least 3 readers who are not employees of the Federal Government (other than as readers of applications).

''(5) NUMBER OF APPLICATIONS FOR GRANTS AND CONTRACTS.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this chapter if the additional applications describe programs serving different populations or campuses.

''(6) COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.—The Secretary shall encourage coordination of programs assisted under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such programs. The Secretary shall not limit an entity's eligibility to receive funds under this chapter because such entity sponsors a program similar to the program to be assisted under this chapter, regardless of the funding source of such program. The Secretary shall permit the Director of a program receiving funds under this chapter to administer one or more additional programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding sources of such programs.

''(7) APPLICATION STATUS.—The Secretary shall inform each entity operating programs under this chapter regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this chapter, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this chapter for a new program regarding the status of their application at least 8 months prior to the proposed startup date of such program.''.

(4) AUTHORIZATION OF APPROPRIATIONS.—Section 402A(f) is amended—

(A) by striking ''$650,000,000 for fiscal year 1993'' and inserting ''$800,000,000 for fiscal year 1999''; and

(B) by striking everything after the first sentence.

(b) TALENT SEARCH.—Section 402B(b) (20 U.S.C. 1070a–12(b)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4) guidance on and assistance in secondary school reentry, entry to general educational development (GED) programs, other alternative education programs for secondary school dropouts, or postsecondary education;''; and

(2) in paragraph (8), by striking ''parents'' and inserting ''families''.

(c) UPWARD BOUND.—Section 402C (20 U.S.C. 1070a–13) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking ''personal counseling'' and inserting ''counseling and workshops'';

(B) in paragraph (6)—

(i) by inserting ''work-study and other'' before ''activities''; and

(ii) by inserting before the semicolon at the end the following: '', including careers requiring a postsecondary degree'';

(C) in paragraph (9), by striking ''and'' at the end;

(D) in paragraph (10), by striking ''through (9)'' and inserting ''through (10)''; and

(E) by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

''(10) special services to enable veterans to make the transition to postsecondary education; and''; and

(2) in subsection (c), by inserting '', other than a project a majority of the participants in which are veterans,'' after ''this chapter''.

(d) STUDENT SUPPORT SERVICES.—Section 402D(c)(6) (20 U.S.C. 1070a–14(c)(6)) is amended by inserting before the period at the end the following: ''and minimize the student's loan burden''.

(e) POSTBACCALAUREATE ACHIEVEMENT PROGRAM.—Section 402E (20 U.S.C. 1070a–15) is amended—

(1) in subsection (c)(3), by inserting ''or accepted in a graduate program'' after ''degree program''; and

(2) in subsection (e)(1), by striking ''$2,400'' and inserting ''$3,200''.

(f) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(b) (20 U.S.C. 1070a–17(b)) is amended by inserting after paragraph (3) the following new paragraph:

''(4) The use of appropriate educational technology in the operation of projects assisted under this chapter.''.

(g) EVALUATION FOR PROJECT IMPROVEMENT.—Section 402H(b) (20 U.S.C. 1070a–18(b)) is amended by adding at the end the following new sentence: ''Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.''.

SEC. 403. NATIONAL EARLY INTERVENTION AND PARTNERSHIP PROGRAM.

Section 404G (20 U.S.C. 1070a–27) is amended by striking ''1993'' and inserting ''1999''.

SEC. 404. REPEALS.

(a) REPEALS OF SUBPART 2 PROVISIONS.—The following provisions of subpart 2 of part A of title IV are repealed:

(1) Chapter 3 (20 U.S.C. 1070a–31 et seq.).

(2) Chapter 4 (20 U.S.C. 1070a–41 et seq.).

(3) Chapter 5 (20 U.S.C. 1070a–51 et seq.).

(4) Chapter 6 (20 U.S.C. 1070a–61 et seq.).

(5) Chapter 7 (20 U.S.C. 1070a–71 et seq.).

(6) Chapter 8 (20 U.S.C. 1070a–81 et seq.).

(b) SUBPART 8.—Subpart 8 of part A of title IV (20 U.S.C. 1070f) is repealed.

(c) CONFORMING AMENDMENT.—Section 400(b) (20 U.S.C. 1070(b)) is amended by striking ''subparts 1 through 8'' and inserting ''subparts 1 through 6''.

SEC. 405. ESTABLISHMENT OF NEW PROGRAMS.

Subpart 2 of part A of title IV is amended by inserting after chapter 2 (20 U.S.C. 1070a–81) the following new chapters:

''CHAPTER 3—HIGH HOPES FOR COLLEGE

''Subchapter A—21st Century Scholar Certificates

''SEC. 406A. 21ST CENTURY SCHOLAR CERTIFICATES.

''(a) FINDINGS.—The Congress makes the following findings:

''(1) Among low-income students who, despite high test scores, are not planning on attending college, nearly 60 percent cite an inability to afford school as the reason.

''(2) About 80 percent of our 12th graders who are interested in continuing their education after high school go on to college if their parents read materials about financial aid, compared to only 55 percent of such students if their parents do not read this material.

''(3) In 1996, the American Council on Education found that the public overestimated the tuition of public 2-year colleges by about 3 times the actual average tuition, of public 4-year colleges by over twice the actual average tuition, and of private 4-year universities by almost one-third more than the actual average tuition.

''(4) There is a need for, and a significant benefit from, providing students, and through them their parents, with information about the variety of Federal student financial assistance programs, such as Pell grants, Federal work-study and loans, and the AmeriCorps Education Awards that make college more affordable than ever before.

''(b) AUTHORITY.—

''(1) The Secretary, using funds appropriated under section 407H(a) of this Act—

''(A) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in projects under chapter 2; and

''(B) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch.

''(2) A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college for which a student may be eligible.

''Subchapter B—High Hopes Partnerships

''SEC. 407A. PURPOSE.

''It is the purpose of this chapter to encourage and prepare students in low-income communities, beginning not later than the 7th grade, to prepare for, enter, and successfully complete college by assisting college-school-community partnerships to—

''(1) provide in-school and on-campus early college awareness activities to these students and their parents;

''(2) ensure ongoing adult guidance and other support to these students;

''(3) provide useful, early information to these students and their parents on the need for, options related to, and financing (including the availability of financial assistance) of a college education; and

''(4) help ensure that these students have access to rigorous core courses, such as algebra and geometry, that prepare them for college.

''SEC. 407B. GRANTS.

''(a) GRANTS AUTHORIZED.—From funds appropriated under section 407H(a), the Secretary shall make grants to college-school-community partnerships for activities under section 407D.

''(b) ELIGIBLE PARTNERSHIP.—For purposes of this chapter, an eligible partnership shall include—

''(1) one or more local educational agencies acting on behalf of—

''(A) one or more participating schools; and

''(B) the public secondary schools that students from these schools would normally attend;

''(2) one or more degree granting institutions of higher education; and

''(3) at least two community organizations or entities, such as businesses, professional associations, community-based organizations, or other public or private agencies or organizations.

''(c) DEFINITIONS.—For the purpose of this chapter—

''(1) 'participating school' means a public school in which—

''(A) there is a 7th grade;

''(B) one or more cohorts of students receive services under this chapter; and

''(C) at least 50 percent of the students enrolled are eligible for free or reduced-price lunch; and

''(2) 'cohort of students' means—

''(A) an entire grade level of students in a participating school; or

''(B) if the partnership determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937.

''(d) DURATION.—Each grant awarded under this chapter shall be for a 6-year period.

''(e) COST SHARING.—

''(1) Federal funds shall provide no more than 80 percent of the cost of the project in the first year, 70 percent of the cost in the second year, 60 percent of the cost in the third year, 50 percent of the cost in the fourth year, 40 percent of the cost in the fifth year, and 30 percent of the cost in the sixth year.

''(2) The non-Federal share of grants awarded under this chapter may—

''(A) be in cash or in kind, fairly evaluated, including services, supplies, or equipment; and

''(B) include the non-Federal share of work-study grants under part C of title IV of this Act awarded to students who serve as tutors or mentors in projects under this chapter.

''(3) The Secretary may waive the cost sharing requirement described in paragraph (1) for any eligible partnership that demonstrates to the satisfaction of the Secretary an extraordinary hardship that prevents compliance with that requirement.

''(f) EQUITABLE GEOGRAPHIC DISTRIBUTION.—To the extent possible, the Secretary shall award grants under this chapter in a manner that achieves an equitable geographic distribution of those grants.

''(g) PRIORITY AWARDS UNDER CHAPTER 2.—Before making grants under this chapter for fiscal year 1999, the Secretary shall, as appropriate, make awards to recipients eligible for continuation awards under chapter 2 of subpart 2 of this title as it was in effect prior to the enactment of the Higher Education Amendments of 1998.

''SEC. 407C. GRANT APPLICATION; PREFERENCES.

''(a) APPLICATION REQUIRED.—An eligible partnership desiring to receive a grant under this chapter shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

''(b) APPLICATION CONTENTS.—Each application shall include—

''(1) the name of each partner and a description of its responsibilities, including the designation of either an institution of higher education or a local educational agency as the fiscal agent for the partnership;

''(2) a description of the need for the project, including a description of how the project will build on existing services and activities, if any;

''(3) a listing of the human, financial (other than funds under this chapter), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources;

''(4) a description of how the project will operate, including how grant funds will be used to meet the purpose of this chapter;

''(5) a description of how services will be coordinated with, and will complement and enhance, services received by participating schools and students under other related Federal and non-Federal programs, including programs under title I, part A of title VII, and part 1 of title X of the Elementary and Secondary Education Act of 1965, the School-to-Work Opportunities Act of 1994, section 402 of this Act, and the Individuals with Disabilities Education Act;

''(6) a description of how the partnership will support and continue the services under this chapter after the grant has expired;

''(7) an assurance from each local educational agency using funds under this chapter that—

''(A) at least 50 percent of the students enrolled in each participating school are eligible for free or reduced-price lunch;

''(B) its aggregate expenditures per student for activities described in this chapter will not be reduced from the level of such expenditures in the year prior to the grant; and

''(C) someone at each participating school will be designated as the primary point of contact for the partnership;

''(8) an assurance that participating students will have access to rigorous core academic courses that reflect challenging State or local academic standards; and

''(9) an assurance that members will provide the performance information required by the Secretary, which would be used to base continuation of the grant.

''(c) PREFERENCES.—In reviewing applications under this chapter, the Secretary shall give preference to projects that—

''(1) will serve participating schools in which at least 75 percent of the students enrolled are eligible for free or reduced-price lunch;

''(2) provide a commitment from non-Federal sources to pay all or part of the cost of college, through tuition assistance or guarantees (not already available), such as 'last-dollar grants', for participating students; and

''(3) hold participating students responsible for school or community service and high academic performance.

''SEC. 407D. PROGRAM REQUIREMENTS; USES OF FUNDS.

''(a) PROGRAM REQUIREMENTS.—Projects under this chapter shall—

''(1) have a program coordinator who is either full-time or whose primary responsibility is the project under this chapter;

''(2) provide services to at least one cohort of students, beginning not later than the 7th grade;

''(3) ensure that the services authorized under this chapter are provided through the 12th grade to students in the cohort, including students who attend another participating school or a secondary school identified under section 407B(b)(1)(B);

''(4) include activities and information that foster and improve parent involvement in promoting postsecondary education for their children, including the provision of useful early information on the advantages of a college education, academic admissions requirements, and the need to take core courses, admissions and achievement tests, application procedures, college costs and options, and the availability of student financial aid;

''(5) include academic counseling, career awareness, and tutoring or mentoring from trained personnel, as well as other student support services that enable students to succeed academically and apply for, enter, and complete college;

''(6) include training in promoting early college awareness for classroom teachers, guidance counselors, and staff of the schools involved in the project; faculty and program personnel in participating institutions of higher education; and participating mentors and tutors;

''(7) include activities on college campuses and enrichment activities associated with postsecondary education; and

''(8) include arrangements that ensure that all participating students have access to rigorous core courses that reflect challenging State or local academic standards and that prepare them for college.

''(b) USE OF FUNDS.—In addition to the activities described in subsection (a), a recipient of funds under this chapter may use them—

''(1) where necessary and appropriate to ensure active participation, to pay stipends to participating students and their mentors;

''(2) where necessary and appropriate to ensure active participation, to pay transportation costs for participants to attend project-sponsored activities;

''(3) to provide out-of-school and summer activities related to the project;

''(4) for project evaluation; and

''(5) to recognize the responsibility and achievement of participating students through ceremonies, awards, and other means.

''SEC. 407E. SERVICES FOR STUDENTS ATTENDING PRIVATE SCHOOLS.

''A local educational agency that participates in an eligible partnership shall provide services supported with Federal funds under this chapter on an equitable basis, consistent with section 14503 of Elementary and Secondary Education Act of 1965, to students in private schools that—

''(1) have a 7th grade;

''(2) have students at least 50 percent of whom are eligible for free or reduced-price lunch; and

''(3) are located in the normal attendance area of a participating school.

''SEC. 407F. EVALUATION.

''In order to improve the operation of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 407H(a), make grants to, and enter into contracts and cooperative agreements with, institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the program assisted under this chapter and, as appropriate, disseminate such results.

''SEC. 407G. PEER REVIEW.

''The Secretary shall use a peer review process to review applications under this chapter and make recommendations for funding to the Secretary.

''SEC. 407H. AUTHORIZATION OF APPROPRIATIONS.

''(a) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated $140,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 5 succeeding fiscal years to carry out this chapter.

''(b) RESERVATION FOR TECHNICAL ASSISTANCE AND PEER REVIEW.—From the amount appropriated under subsection (a) for any fiscal year, the Secretary may reserve up 0.5 percent of that amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees.

''CHAPTER 4—FRANK TEJEDA SCHOLARSHIP PROGRAM

''SEC. 408A. STATEMENT OF PURPOSE.

''It is the purpose of this chapter to establish a Frank Tejeda Scholarship Program to recruit and train teachers who are proficient in both Spanish and English and who show promise of academic achievement.

''SEC. 408B. SCHOLARSHIPS AUTHORIZED.

''(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this chapter, to award scholarships to individuals consistent with the purposes of this chapter.

''(b) TEJEDA SCHOLARS.—Individuals awarded scholarships under this chapter shall be known as 'Tejeda Scholars'.

''SEC. 408C. ALLOCATION AMONG STATES.

''(a) ALLOCATION FORMULA.—From the sums appropriated pursuant to the authority of section 408H for any fiscal year, the Secretary shall allocate to each State an amount equal to $5,000 multiplied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b).

''(b) NUMBER OF SCHOLARSHIPS AVAILABLE.—The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

''(c) USE OF CENSUS DATA.—For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall be determined by the most recently available data, satisfactory to the Secretary, from the Bureau of the Census. The Bureau of the Census shall produce and publish intercensal data for Puerto Rico and the other territories.

''SEC. 408D. ELIGIBILITY OF SCHOLARS.

''(a) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this chapter shall—

''(1) be—

''(A) a low-income individual, as that term is defined in section 402A(g)(2) of this title; or

''(B) an individual who is eligible for a Pell Grant under subpart 1 of this part;

''(2) be a citizen of the United States;

''(3) be a resident of the State in which he or she applies;

''(4) be enrolled or accepted for enrollment on a full- or part-time basis, at a graduate or undergraduate level, in an institution of higher education that has an accredited teacher preparation program;

''(5) have demonstrated proficiency in the English and Spanish languages, as certified by the applicant's academic institution; and

''(6) have agreed, upon graduation from such program—

''(A) to serve no less than one year for each year of scholarship assistance, but no fewer than two years of service in total, as a teacher in a public elementary or secondary school in which there is a demonstrated need for Spanish-speaking teachers and professionals, as determined by the Secretary;

''(B) to complete such service within 6 years of graduation; and

''(C) that if the student is unable to complete such service, the student will, except as provided in subsection (c), repay the Secretary the total amount, or a pro rata amount of the scholarship received under this chapter in proportion to the amount of service completed, plus interest and collection costs in the same manner as repayment of a student loan made under part D of this title.

''(b) SELECTION BASED ON PROMISE OF ACADEMIC ACHIEVEMENT.—Each student awarded a scholarship under this chapter must demonstrate outstanding academic achievement and show promise of continued academic achievement, as certified by the student's academic institution.

''(c) EXCEPTION TO REPAYMENT OBLIGATION.—

''(1) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to subsection (a)(4)(C) during any period in which the recipient—

''(A) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

''(B) is serving, not in excess of 3 years, as a member of the armed services of the United States;

''(C) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

''(D) is unable to secure employment for a period not to exceed 12 months by reason of having to care for a spouse, child, parent, or immediate family member who is disabled;

''(E) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

''(F) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

''(G) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

''(2) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this chapter if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

''SEC. 408E. SELECTION OF SCHOLARS.

''(a) ESTABLISHMENT OF CRITERIA.—The Secretary shall establish criteria for the selection of scholars under this chapter that meet the requirements of section 408D.

''(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made, no later than May 1 of the academic year preceding the academic year for which the award will be used.

''SEC. 408F. STIPENDS AND SCHOLARSHIP CONDITIONS.

''(a) AMOUNT OF AWARD.—Each student awarded a scholarship under this chapter shall receive a stipend of $5,000 for the academic year of study for which the scholarship is awarded, except that in no case shall the total amount of financial aid awarded to such student exceed such student's total cost-of-attendance.

''(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a scholar awarded a scholarship under this chapter pursues a course of study at an institution of higher education.

''SEC. 408G. CONSTRUCTION OF NEEDS PROVISIONS.

''Notwithstanding section 471, nothing in this chapter, or any other Act, shall be construed to permit the receipt of a scholarship under this chapter to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

''SEC. 408H. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated for this chapter $5,000,000 for fiscal year 1998 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''CHAPTER 5—CAMPUS-BASED CHILD CARE

''SEC. 410A. CAMPUS-BASED CHILD CARE.

''(a) PROGRAM AUTHORIZED.—

''(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services to low-income students.

''(2) AMOUNT OF GRANTS.—

''(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

''(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

''(3) DURATION AND PAYMENTS.—

''(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

''(B) PAYMENTS.—Subject to paragraph (2), the Secretary shall make annual grant payments under this section.

''(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

''(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program serving the needs of low-income students enrolled at the institution of higher education.

''(6) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term 'low-income student' means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

''(b) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

''(1) demonstrate that the institution is an eligible institution described in subsection (a)(4);

''(2) specify the amount of funds requested;

''(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application student demographics and other relevant data;

''(4) identify the resources the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, accessing foundation, corporate, or other institutional support, and demonstrating that the use of the resources will not result in increases in student tuition;

''(5) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

''(6) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

''(7) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services;

''(8) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

''(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

''(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

''(c) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

''(1) REPORTING REQUIREMENTS.—

''(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months and 36 months after receiving the first grant payment under this section.

''(B) CONTENTS.—The report shall include—

''(i) data on the population served under this section;

''(ii) information on campus and community resources and funding used to help low-income students access child care services;

''(iii) information on progress made toward accreditation of any child care facility; and

''(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

''(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 406. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 413A(b)(1) (20 U.S.C. 1070b(b)(1)) is amended by striking ''1993'' and inserting ''1999''.

(b) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—Subsection (d) of section 413C (20 U.S.C. 1070b–2(d)) is amended by striking ''and if the total financial need'' and all that follows and inserting the following: '', then grant funds shall be made available to such independent and less-than-full-time students.''.

(c) ALLOCATION OF FUNDS.—Section 413D (20 U.S.C. 1070b-3) is amended—

(1) by striking subsection (b); and

(2) in subsection (c)(1), by striking ''three-quarters of the remainder'' and inserting ''the remainder'';

(3) in subsection (c)(2)(A)(i), by striking ''subsection (d)'' and inserting ''subsection (c)'';

(4) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively; and

(5) by inserting after subsection (e) (as so redesignated) the following new subsection:

''(f) CARRY-OVER/CARRY-BACK AUTHORITY.—

''(1) CARRY-OVER AUTHORITY.—

''(A) CARRY-OVER UP TO 10 PERCENT.—Of the sums granted to an eligible institution under this subpart for any fiscal year, 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

''(B) REALLOCATION OF EXCESS.—Any of the sums so granted to an institution for a fiscal year which are not needed by that institution to operate programs under this subpart during that fiscal year, and which it does not wish to use during the next fiscal year as authorized in the preceding sentence, shall remain available to the Secretary for making grants under section 413B to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

''(2) CARRY-BACK AUTHORITY.—

''(A) CARRY-BACK UP TO 10 PERCENT.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

''(B) USE OF CARRIED-BACK FUNDS.—An eligible institution may make grants to students after the end of the academic year, but prior to the beginning of the succeeding fiscal year, from such succeeding fiscal year's appropriations.''.

SEC. 407. GRANTS TO STATES FOR STATE STUDENT INCENTIVES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) of the Higher Education Act of 1965 (20 U.S.C. 1070c(b)) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999'';

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

''(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $25,000,000, the excess shall be available to carry out section 415E.''.

(b) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070c et seq.) is amended—

(1) by redesignating section 415E as section 415F; and

(2) by inserting after section 415D the following:

''SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

''(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

''(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

''(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

''(b) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

''(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

''(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

''(3) carrying out a financial aid program for eligible students who demonstrate financial need and wish to enter teaching or computer-related careers, or other fields of study determined by the State to be critical to the State's workforce needs;

''(4) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

''(5) awarding merit or academic scholarships to eligible students who demonstrate financial need.

''(c) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (b) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year. The Secretary may waive this subsection for good cause, as determined by the Secretary.

''(d) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (b) for any fiscal year shall be 25 percent.''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) PURPOSE.—Subsection (a) of section 415A of the Higher Education Act of 1965 (20 U.S.C. 1070c(a)) is amended to read as follows:

''(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

''(1) providing grants to—

''(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

''(B) eligible students for campus-based community service work-study; and

''(2) carrying out the activities described in section 415F.''.

(2) ALLOTMENT.—Section 415B(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1070c–1(a)(1)) is amended by inserting ''and not reserved under section 415A(b)(2)'' after ''415A(b)(1)''.

SEC. 408. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK.

(a) COORDINATION.—Section 418A(d) (20 U.S.C. 1070d–2(d)) is amended by inserting after ''contains assurances'' the following: ''that the grant recipient will coordinate its project, to the extent feasible, with other local, State, and Federal programs to maximize the resources available for migrant students, and''.

(b) EXTENSION OF AUTHORITY.—Section 418A(g) is amended by striking ''1993'' each place it appears and inserting ''1999''.

(c) DATA COLLECTION.—Section 418A is amended by adding at the end the following new subsection:

''(h) DATA COLLECTION.—The National Center for Education Statistics shall collect postsecondary education data on migrant students.''.

(d) TECHNICAL AMENDMENTS.—Section 418A(e) is amended by striking ''authorized by subpart 4 of this part in accordance with section 417A(b)(2)'' and inserting ''in accordance with section 402A(c)(1)''.

SEC. 409. BYRD SCHOLARSHIPS.

(a) ELIGIBILITY.—Section 419G (20 U.S.C. 1070d–37) is amended by adding at the end the following new subsection:

''(e) TERMINATION OF ELIGIBILITY.—The eligibility of students from the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall expire on September 30, 2001.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 419K (20 U.S.C. 1070d–41) is amended by striking ''$10,000,000 for fiscal year 1993'' and inserting ''$40,000,000 for fiscal year 1999''.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 411. LIMITATION REPEALED.

Section 421 (20 U.S.C. 1071) is amended by striking subsection (d).

SEC. 412. ADVANCES TO RESERVE FUNDS.

Section 422 (20 U.S.C. 1072) is amended—

(1) in subsection (a)(2), by striking ''428(c)(10)(E)'' and inserting ''428(c)(9)(E)'';

(2) in subsection (c)(6)(B)(i), by striking ''handle written'' and inserting ''handle written, electronic,'';

(3) in subsection (c)(7)

(A) by striking ''to a guaranty agency—'' and everything that follows through ''(B) if the Secretary'' and inserting ''to a guaranty agency, if the Secretary'';

(B) by striking ''428(c)(10)(F)(v)'' and inserting ''428(c)(9)(F)(v)'';

(C) by inserting ''and'' after ''cash needs,''; and

(D) by striking ''or ensure'' and everything that follows and inserting a period; and

(4) in the first and second sentences of subsection (g)(1), by striking ''or the program authorized by part D of this title'' each place it appears.

SEC. 413. GUARANTY AGENCY REFORMS.

(a) FEDERAL STUDENT LOAN RESERVE FUND.—Part B of title IV is amended by inserting after section 422 (20 U.S.C. 1072) the following new section:

''SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 of this part into a Federal Student Loan Reserve Fund (in this section and section 422B referred to as the 'Federal Fund') which shall be an account of a type selected by the agency, with the approval of the Secretary.

''(b) INVESTMENT OF FUNDS.—Funds maintained in the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

''(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

''(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to sections 428(c)(6)(A) and 428F(a)(1)(B); and

''(3) insurance premiums collected from borrowers pursuant to sections 428(b)(1)(H) and 428H(h).

''(d) USES OF FUNDS.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

''(1) to pay lender claims pursuant to section 428(b)(1)(G), section 428(j), section 437, and section 439(q); and

''(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

''(e) OWNERSHIP OF FEDERAL FUND.—

''(1) IN GENERAL.—The Federal Fund of the guaranty agency, and any assets purchased or developed with funds from the Federal Fund or any other funds considered reserve funds on the date of enactment of this section, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part, as provided in subsection (d) of this section.

''(2) NONLIQUID RESERVE FUND AND OTHER ASSETS.—Notwithstanding any other provision of law, nonliquid reserve fund assets, such as buildings and equipment purchased or developed by the guaranty agency with funds from the Federal Fund, or any other funds considered reserve funds on the date of enactment of this section shall—

''(A) remain the property of the United States;

''(B) be used only for such purposes as the Secretary determines are appropriate; and

''(C) be subject to such restrictions on the disposition of such assets (which may include a requirement that any sale of such assets be at not less than fair market value) as the Secretary determines are appropriate.

''(f) TRANSITION.—

''(1) IN GENERAL.—In order to establish the Agency Operating Fund authorized by section 422B, each guaranty agency may transfer up to 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and budget circular A–87 (Cost Accounting Standards) from the Federal Fund for deposit into the Agency Operating Fund for use in the performance of its duties under this part. Such transfers may occur during the first three years following the establishment of the Operating Fund. However, no agency may transfer in excess of 50 percent of the Federal Fund balance to its Operating Fund during any fiscal year. In determining the transfer amount, the agency shall insure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve recall requirements of the Balanced Budget Act of 1997.

''(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection no later than the start of the fourth year after the establishment of the Agency Operating Fund, and shall repay all amounts transferred no later than 5 years from the date of the establishment of the Agency Operating Fund. Each guaranty agency shall provide to the Secretary, on an annual basis, a financial analysis demonstrating its ability to repay all outstanding amounts while any transferred amounts are owned to the Federal Fund.

''(3) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the agency due to transfers allowed under paragraph (1) in the calculation.''.

(b) AGENCY OPERATING FUND ESTABLISHED.—Part B of title IV is further amended by inserting after section 422A (as added by subsection (a)) the following new section:

''SEC. 422B. AGENCY OPERATING FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (hereinafter referred to as the 'Operating Fund').

''(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund shall be invested at the discretion of the guaranty agency in accordance with prudent investor standards.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

''(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

''(2) the portfolio maintenance fee paid by the Secretary pursuant to section 458;

''(3) the default prevention fee paid in accordance with section 428(l);

''(4) amounts retained by the guaranty agency pursuant to section 428(c)(6)(B) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Fund pursuant to section 422A(c)(2); and

''(5) interest earned on the Federal Fund during the first 3 years after the date of enactment of this section, but only to the extent permitted by regulations prescribed by the Secretary to permit a limited number of guaranty agencies (not to exceed 10) essential resources to maintain sufficient operating funds and to restructure their operations in accordance with the requirements of this section and section 422A.

''(d) USES OF FUNDS.—

''(1) IN GENERAL.—Funds in the Operating Fund shall be used for activities related to student financial aid, including application processing, loan disbursement, enrollment and repayment status management, default prevention activities, default collection activities, school and lender training, financial awareness and outreach activities, compliance monitoring, other loan program related activities in support of postsecondary education and other student financial aid related activities as determined by the guaranty agency.

''(2) SPECIAL RULE.—The guaranty agency may, in its discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use in accordance with section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the property of the United States.

''(3) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'default collection activities' means activities of a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the due diligence activities required pursuant to regulations of the Secretary.

''(B) The term 'default prevention activities' means activities of a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to

the loan's being legally in a default status, including due diligence activities required pursuant to regulations of the Secretary.

''(C) The term 'enrollment and repayment status management' means activities of a guaranty agency which are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part.

''(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund of the guaranty agency shall be considered to be the property of the guaranty agency. The Secretary may regulate the uses or expenditure of moneys in the Operating Fund with respect to activities required under guaranty agency agreements under subsections (b) and (c) of section 428 until such time as a guaranty agency has repaid to the Federal Fund all reserve funds transferred under section 422A(f). During any period in which funds are owed to the Federal Fund as a result of a transfer under 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part. The Secretary may require such necessary reports and audits as provided in section 428(b)(2).''.

(c) ADDITIONAL RECALL OF RESERVES.—Section 422 (as amended by section 412) is further amended by adding at the end the following new subsection:

''(i) ADDITIONAL RECALL OF RESERVES.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall recall $30,000,000 for each of the fiscal years 1999, 2000, 2001, 2002, and 2003 from the reserve funds held by guaranty agencies.

''(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

''(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return annually reserve funds under paragraph (1) based on one-fifth of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

''(A) The Secretary shall impose on each guaranty agency an equal percentage reduction in the amount of the agency's reserve funds held as of September 30, 1996.

''(B) The equal percentage reduction shall be the percentage obtained by dividing—

''(i) $150,000,000 by

''(ii) the total amount of all such agencies' reserve funds held as of September 30, 1996.

''(4) OFFSET OF REQUIRED SHARES.—If any guaranty returns to the Secretary any reserves in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such additional reserve return.

''(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

''(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

''(B) does not include building, equipment, or other nonliquid assets.''.

(d) CONFORMING AMENDMENTS.—

(1) REINSURANCE PAYMENTS.—

(A) AMENDMENTS.—Section 428(c)(1) (20 U.S.C. 1078(c)(1)) is amended—

(i) in subparagraph (A), by striking ''98 percent'' and inserting ''95 percent'';

(ii) in subparagraph (B)(i), by striking ''88 percent'' and inserting ''85 percent''; and

(iii) in subparagraph (B)(ii), by striking ''78 percent'' and inserting ''75 percent'';

(iv) in subparagraph (E)—

(I) by striking ''for '98 percent';'' and inserting ''for '95 percent';'';

(II) by striking ''for '88 percent';'' and inserting ''for '85 percent';''; and

(III) by striking ''for '78 percent'.'' and inserting ''for '75 percent'.'';

(v) in subparagraph (F)—

(I) by striking ''for '98 percent';'' and inserting ''for '95 percent';'';

(II) by striking ''for '88 percent';'' and inserting ''for '85 percent';''; and

(III) by striking ''for '78 percent'.'' and inserting ''for '75 percent'.'';

(vi) by striking subparagraph (D) and redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively.

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) of this paragraph apply to loans for which the first disbursement is made on or after October 1, 1998.

(2) EQUITABLE SHARE.—Section 428(c)(6) is amended—

(A) in subparagraph (A)—

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

(ii) by striking clause (ii) and inserting the following:

''(ii) an amount equal to 24 percent of such payments for use in accordance with section 422B.'';

(B) by striking subparagraphs (B) and (C); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B).

(3) GUARANTY AGENCY RESERVE LEVEL.—Section 428(c)(9)(C) is amended—

(A) by striking ''80 percent pursuant to section 428(c)(1)(B)(ii)'' and inserting ''85 percent pursuant to paragraph (1)(B)(i) of this subsection''; and

(B) by striking ''30 working days'' and inserting ''45 working days''.

(4) PAYMENT OF CERTAIN COSTS.—Section 428(f) is amended—

(A) by striking paragraph (1)(A) and inserting the following:

''(1) PAYMENT FOR CERTAIN ACTIVITIES.—(A) The Secretary shall, in accordance with the provisions of this paragraph, pay to each guaranty agency for each fiscal year a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.''; and

(B) in paragraph (1)(B), by striking the first sentence and inserting the following: ''The payment required by subparagraph (A) shall be paid on a quarterly basis.''.

(5) DEFAULT AVERSION ASSISTANCE.—Section 428(l) is amended to read as follows:

''(l) DEFAULT AVERSION ASSISTANCE.—

''(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from a lender received not earlier than the 60th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

''(2) REIMBURSEMENT.—(A) A guaranty agency may, in accordance with the provisions of this paragraph, transfer from the Federal Student Loan Reserve Account to the Operating Account a default aversion fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 210th day after the loan becomes 60 days delinquent.

''(B) The default aversion fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 12 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection no more frequently than monthly.

''(C) For the purpose of earning the default aversion fee, the term 'current repayment status' means that the borrower is not delinquent in the payment of any principal or interest on the loan.''.

SEC. 414. SCOPE AND DURATION OF PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking ''October 1, 2002'' and inserting ''October 1, 2004''; and

(2) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

SEC. 415. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND FEDERAL LOAN INSURANCE.

Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

(1) in clause (i)—

(A) by inserting ''and'' after the semicolon at the end of subclause (I); and

(B) by striking subclauses (II) and (III) and inserting the following:

''(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;''; and

(2) by inserting ''and'' after the semicolon at the end of clause (iii).

SEC. 416. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a) is amended to read as follows:

''SEC. 427A. APPLICABLE INTEREST RATES.

''(a) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 1998.—

''(1) IN GENERAL.—Subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(b) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

''(c) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this

section after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.''.

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking ''section 427A(c)'' and inserting ''section 427A(a)(3)''.

(b) SPECIAL ALLOWANCES.—

(1) AMENDMENT.—Section 438(b)(2)(F) (20 U.S.C. 1087–1(b)(2)(F)) is amended to read as follows:

''(F) LOANS DISBURSED AFTER JULY 1, 1998.—

''(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after July 1, 1998, shall be computed—

''(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

''(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

''(III) by adding 2.8 percent to the resultant percent; and

''(IV) by dividing the resultant percent by 4.

''(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

''(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

''(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after July 1, 1998, for which the interest rate is determined under 427A(a)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(a)(3) exceeds 9 percent.''.

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking ''In the case'' and inserting ''Subject to subparagraph (F), in the case''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

SEC. 417. FEDERALLY GUARANTEED STUDENT LOANS.

(a) REQUIREMENTS FOR FEDERAL INTEREST SUBSIDIES.—Section 428(a)(2) (20 U.S.C. 1078(a)(2)) is amended by striking everything preceding subparagraph (D) and inserting the following:

''(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall provide to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible.

''(B) A student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement that—

''(i) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

''(ii) sets forth such student's estimated financial assistance; and

''(iii) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

''(C) For the purpose of clause (ii) of subparagraph (B), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).''.

(b) DURATION OF AUTHORITY.—Section 428(a)(5) is amended—

(1) by striking ''September 30, 2002'' and inserting ''September 30, 2004''; and

(2) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

(c) ANNUAL LOAN LIMITS.—Section 428(b)(1)(A) is amended—

(1) in clause (i)—

(A) by inserting ''and'' after the semicolon at the end of subclause (I); and

(B) by striking subclauses (II) and (III) and inserting the following:

''(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;''; and

(2) by inserting ''and'' after the semicolon at the end of clause (iii).

(d) SELECTION OF REPAYMENT PLANS.—Section 428(b)(1)(D) is amended by striking ''and (iii)'' and inserting the following: ''(iii) the student borrower may annually change the selection of a repayment plan under this part, and (iv)''.

(e) COINSURANCE.—Section 428(b)(1)(G) is amended by striking ''not less than''.

(f) DEFERMENTS.—Section 428(b)(1)(M) is amended—

(1) in clause (i)(I), by inserting before the semicolon the following: '', except that no borrower, notwithstanding the provisions of the promissory note, shall be required to borrow an additional loan under this title in order to be eligible to receive a deferment under this clause''; and

(2) in clause (ii), by inserting before the semicolon the following: '', except that no borrower who qualifies for unemployment benefits shall be required to provide any additional paperwork for a deferment under this clause''.

(g) LIMITATION, SUSPENSION, AND TERMINATION.—Section 428(b)(1)(U) is amended—

(1) by striking ''emergency action,,'' each place it appears and inserting ''emergency action,''; and

(2) by striking ''a compliance audit of each lender'' and inserting the following: ''in the case of any lender that originates or holds more than $5,000,000 in loans made under this title during an annual audit period, a compliance audit of such lender''.

(h) ADDITIONAL INSURANCE PROGRAM REQUIREMENTS.—Section 428(b)(1) is further amended—

(1) by striking ''and'' at the end of subparagraph (W);

(2) in subparagraph (X)—

(A) by striking ''428(c)(10)'' and inserting ''428(c)(9)''; and

(B) by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new subparagraph:

''(Y) provides that the lender shall determine the eligibility of a borrower for a deferment described in subparagraph (M)(i) based on receipt of (i) a request for deferment from the borrower, (ii) a newly completed loan application that documents the borrower's eligibility for a deferment, or (iii) student status information received by the lender that the borrower is enrolled on at least a half-time basis.''.

(i) RESTRICTIONS ON INDUCEMENTS.—Section 428(b)(3) is amended—

(1) by striking subparagraph (C) and inserting the following:

''(C) conduct unsolicited mailings of student loan application forms to students enrolled in secondary school or a postsecondary institution, or to parents of such students, except that applications may be mailed to students who have previously received loans guaranteed under this part by the guaranty agency; or''; and

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

''It shall not be a violation of this paragraph for a guaranty agency to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.''.

(j) GUARANTY AGENCY INFORMATION TO ELIGIBLE INSTITUTIONS.—Section 428(c)(2)(H)(ii) is amended to read as follows:

''(ii) the guaranty agency shall not require the payment from the institution of any fee for such information; and''.

(k) FORBEARANCE.—Section 428(c)(3) is amended—

(1) in subparagraph (A)(i), by striking ''written'';

(2) in subparagraph (B), by inserting before the semicolon the following: '', including forbearance granted after consideration of a borrower's total debt burden''; and

(3) in the last sentence—

(A) by striking ''and (ii)'' and inserting ''(ii)''; and

(B) by inserting before the period at the end the following: '', and (iii) forbearance for periods not to exceed 60 days if the lender reasonably determines that such suspensions are necessary to research or process information relative to such loan or to collect appropriate documentation relating to the borrower's request for a deferment or forbearance''.

(l) ASSIGNMENT.—Section 428(c)(8) is amended—

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

(2) by striking subparagraph (B).

(m) AGENCY TERMINATION.—Section 428(c)(9) is amended—

(1) in subparagraph (E)—

(A) by inserting ''or'' at the end of clause (iv);

(B) by striking ''; or'' at the end of clause (v) and inserting a period; and

(C) by striking clause (vi);

(2) in subparagraph (F)(vii), by striking ''to avoid disruption'' and everything that follows and inserting ''and to avoid disruption of the student loan program.'';

(3) in subparagraph (I), by inserting ''on the record'' after ''for a hearing''; and

(4) in subparagraph (K)—

(A) by striking ''and Labor'' and inserting ''and the Workforce''; and

(B) by striking everything after ''guaranty agency system'' and inserting a period.

(n) LENDER REFERRAL.—Section 428(e) is amended—

(1) in paragraph (1)(B)(ii), by striking ''during the transition'' and everything that follows through ''part D of this title''; and

(2) in paragraph (3), by striking ''for costs of transition''.

(o) ACTION ON AGREEMENTS.—Section 428(g) is amended by striking ''and Labor'' and inserting ''and the Workforce''.

(p) LENDERS-OF-LAST RESORT.—Section 428(j) is amended by striking paragraph (3).

(q) INCOME CONTINGENT REPAYMENT.—Section 428(m) is amended by striking ''shall require at least 10 percent of the borrowers'' and inserting ''may require borrowers''.

(r) STATE SHARE OF DEFAULT COSTS.—Subsection (n) of section 428 is repealed.

(s) BLANKET CERTIFICATE OF GUARANTY.—Section 428 of the Act is amended by adding at the end the following new subsection:

''(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

''(1) IN GENERAL.—Any guaranty agency that has or enters into any insurance program agreement with the Secretary under this part may—

''(A) offer eligible lenders participating in the agency's guaranty program blanket certificates of loan guaranty that permit the lender to make loans without receiving prior approval from the guaranty agency of individual loans for eligible borrowers enrolled in eligible programs at eligible institutions; and

''(B) provide eligible lenders with the ability to transmit electronically data to the agency concerning loans the lender has elected to make under the agency's insurance program via standard reporting formats, such reporting to occur at reasonable, mutually acceptable intervals.

''(2) LIMITATIONS ON BLANKET CERTIFICATE OF GUARANTY.—A guaranty agency and eligible lender may establish by mutual agreement limitations or restrictions on the number or volume of loans issued by a lender under the blanket certificate of guaranty.''.

SEC. 418. VOLUNTARY AGREEMENTS WITH GUARANTY AGENCIES.

Part B of title IV is amended by inserting after section 428 (20 U.S.C. 1078) the following new section:

''SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

''(a) VOLUNTARY AGREEMENTS.—

''(1) AUTHORITY.—Notwithstanding any other provision of law, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428, under which the Secretary may waive or modify any requirement under this title applicable to the responsibilities of the Secretary and a guaranty agency.

''(2) ELIGIBILITY.—Any guaranty agency that had one or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of this section may enter into an agreement with the Secretary under this subsection.

''(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

''(1) shall be developed by the Secretary, in consultation with the guaranty agency;

''(2) shall be for a period not to exceed five years, and may be renewed upon the agreement of the parties;

''(3) may include provisions—

''(A) specifying the responsibilities of the guaranty agency under the agreement, such as—

''(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

''(ii) monitoring insurance commitments made under this part;

''(iii) default prevention activities;

''(iv) review of default claims made by lenders;

''(v) payment of default claims;

''(vi) collection of defaulted loans;

''(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary on a timely, accurate, and auditable basis;

''(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

''(ix) monitoring of institutions and lenders participating in the program under this part; and

''(x) the performance of other program functions by the guaranty agency.

''(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

''(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

''(D) regarding the standards by which the guaranty agency's performance of its responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on 1 or more performance standards;

''(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of its expiration date;

''(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

''(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part; and

''(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement.

''(c) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, including the guaranty agency's compliance with reserve requirements under sections 422 and 428.''.

SEC. 419. FEDERAL CONSOLIDATION LOANS.

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

(1) by striking subclause (II) of paragraph (3)(B)(i) and inserting the following:

''(II) that loans received during the 180-day period following the making of the consolidation loan may be added to the consolidation loan.''; and

(2) by striking subparagraph (C) of paragraph (4) and inserting the following:

''(C) made under part D of this title;''.

(b) CONTENTS OF AGREEMENTS.—Section 428C(b) is amended—

(1) in paragraph (1)(A), by striking ''under this section and (i)'' and everything that follows and inserting ''under this section;'';

(2) in paragraph (4)(C)(ii)—

(A) by redesignating subclause (III) as subclause (IV);

(B) by inserting after subclause (II) the following new clause:

''(III) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible lender on or after October 1, 1998, except that the Secretary shall pay such interest only on that portion of the loan that repays Federal Stafford Loans for which the student borrower received an interest subsidy under section 428 or Federal Direct Stafford Loans for which the borrower received an interest subsidy under section 455; or''; and

(C) in subclause (IV) (as redesignated), by striking ''subclause (I) or (II)'' and inserting ''subclause (I), (II), or (III)''; and

(3) in paragraph (6)(A), by inserting before the semicolon at the end the following: ''except that (i) a lender is not required to consolidate loans described in subparagraph (D) or (E) of subsection (a)(4); and (ii) a lender is not prohibited from establishing a minimum loan balance for which it will process a consolidation loan application''.

(c) EXTENSION OF AUTHORITY.—Section 428C(e) is amended by striking ''September 30, 2002'' and inserting ''September 30, 2004''.

SEC. 420. DISBURSEMENT.

(a) REQUIREMENTS.—Section 428G(a)(1) (20 U.S.C. 1078–7(a)(1)) is amended by inserting ''greater than one semester, one trimester, one quarter, or four months'' after ''period of enrollment''.

(b) DISBURSEMENT.—Section 428G(b)(1) is amended by adding at the end the following new sentence: ''An institution whose cohort default rate (as determined under section 435(a)) for each of the three most recent fiscal years for which data are available is less than 10 percent shall be exempt from the requirements of this paragraph.''.

(c) WITHHOLDING OF SECOND DISBURSEMENT.—Section 428G(d)(2) is amended by inserting ''by more than $300'' after ''under this title''.

SEC. 421. UNSUBSIDIZED STAFFORD LOANS.

(a) ELIGIBLE BORROWERS.—Section 428H(b) (20 U.S.C. 1078–8(b)) is amended by striking ''which—'' and everything that follows and inserting the following:

''which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible. A student shall qualify for a loan if the eligible institution has provided the lender with a statement that—

''(1) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

''(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428; and

''(3) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.''.

(b) LOAN LIMITS.—Section 428H(d)(2)(A) is amended—

(1) by inserting ''and'' after the semicolon at the end of clause (i); and

(2) by striking clauses (ii) and (iii) and inserting the following:

''(ii) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;''.

(c) QUALIFICATION.—Section 428H(e) is amended by adding at the end the following new paragraph:

''(7) QUALIFICATION FOR FORBEARANCE, DEFERMENT, AND INCOME-SENSITIVE REPAYMENT.—A borrower of a loan made under this section may qualify for a forbearance or deferment, or an income-sensitive repayment plan for which the borrower is eligible, immediately upon receipt by the lender or holder of a request from the borrower. Any necessary supporting documentation shall be secured by the lender or holder within 30 days of the request in order to continue the forbearance, deferment, or income-sensitive repayment plan.''.

(d) REPEAL.—Section 428H(f) is repealed.

SEC. 422. REPEAL OF LOAN FORGIVENESS.

Section 428J (20 U.S.C. 1078–10) is repealed.

SEC. 423. LEGAL POWERS AND RESPONSIBILITIES.

(a) GENERAL POWERS.—Section 432(a)(2) (20 U.S.C. 1082(a)(2)) is amended by inserting ''except that this section shall not be deemed to limit court review under chapter 7 of title 5, United States Code'' after ''Secretary's control''.

(b) AUDIT OF FINANCIAL TRANSACTIONS.—Section 432(f)(1) is amended—

(1) in subparagraph (B), by striking ''section 435(d)(1) (D), (F), or (H);'' and inserting ''section 435(d)(1); and'';

(2) in subparagraph (C)—

(A) by striking ''and Labor'' and inserting ''and the Workforce''; and

(B) by striking ''; and'' and inserting a period; and

(3) by striking subparagraph (D).

(c) PROGRAM OF ASSISTANCE.—Section 432(k)(3) is amended by striking ''Within 1 year'' and everything that follows through ''1992, the'' and inserting ''The''.

(d) COMMON FORMS AND FORMATS.—Section 432(m) is amended—

(1) in paragraph (1)(A), by striking ''The Secretary'' and inserting ''Subject to paragraph (2), the Secretary'';

(2) by striking subparagraph (C) of paragraph (1);

(3) in subparagraph (D), by striking ''Nothing'' and inserting ''Subject to paragraph (2), nothing'';

(4) by redesignating subparagraph (D) of such paragraph as subparagraph (C);

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

(6) by inserting after paragraph (1) the following new paragraph:

''(2) FREE APPLICATION FOR FEDERAL STUDENT AID.—For academic year 1999–2000 and thereafter, the Secretary shall prescribe the Free Application for Federal Student Aid as the application form under this part (other than sections 428B and 428C).''; and

(7) by adding at the end the following new paragraph:

''(5) MASTER PROMISSORY NOTE.—

''(A) DEVELOPMENT AND APPROVAL.—Within 180 days of enactment of this Act, the Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, institutions, students, and organizations involved in student financial assistance, shall develop and approve a master promissory note that will allow for a multiyear line of credit. Such note shall address the needs of participants in the programs under this part. The Secretary shall also develop and approve a corresponding master promissory note for use under part D of this title that addresses the needs of participants in the programs under such part.

''(B) SALE AND ASSIGNMENT; ENFORCEMENT.—Notwithstanding the preceding provisions of this section, each loan made under a master promissory note providing for a line of credit may be sold and assigned independently of any other loan made under the same promissory note, and each such loan shall be separately enforceable in all State and Federal courts on the basis of an original or copy of the master promissory note with its terms.''.

(e) DEFAULT REDUCTION MANAGEMENT.—Section 432(n) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999''; and

(2) in paragraph (3), by striking ''and Labor'' and inserting ''and the Workforce''.

(f) REPORTING REQUIREMENT.—Section 432(p) is amended by striking ''State postsecondary reviewing entities designated under subpart 1 of part H,''.

SEC. 424. STUDENT LOAN INFORMATION.

Section 433 (20 U.S.C. 1083) is amended—

(1) in the first sentence of subsection (a), by inserting ''in simple and understandable terms'' after ''to the borrower''; and

(2) in the first sentence of subsection (b), by inserting ''in simple and understandable terms'' after ''under this subsection''.

SEC. 425. DEFINITIONS.

(a) COHORT DEFAULT RATE.—Section 435(a) (20 U.S.C. 1085(a)) is amended—

(1) in subparagraph (A) of paragraph (2)—

(A) by striking ''or'' at the end of clause (i); and

(B) by striking clause (ii) and inserting the following:

''(ii) there are exceptional mitigating circumstances within the meaning of paragraph (4); or

''(iii) there are, in the judgment of the Secretary, other exceptional mitigating circumstances that would make the application of this paragraph inequitable.'';

(2) in subparagraph (C) of paragraph (2), by striking ''July 1, 1998,'' and inserting ''July 1, 1999,'';

(3) in paragraph (3), by inserting ''or, at the request of the institution, a complete copy of the records for loans made under this part or of the direct loan servicer for loans made under part D'' after ''and loan servicers''; and

(4) by adding at the end the following new paragraphs:

''(4) DEFINITION OF MITIGATING CIRCUMSTANCES.—For purposes of paragraph (2), an institution shall be treated as having exceptional mitigating circumstances that make application of that paragraph inequitable if such institution is certified by a certified public accountant to meet each of the following criteria:

''(A) at least two-thirds of the students enrolled on at least a half-time basis at the institution—

''(i) are eligible to receive a Federal Pell Grant award that is at least equal to one-half the maximum Federal Pell Grant award for which the student would be eligible based on his or her enrollment status; or

''(ii) have an adjusted gross income of the student, and his or her parents (unless the student is an independent student), of less than the poverty level, as determined under criteria established by the Department of Health and Human Services;

''(B) at least two-thirds of the students enrolled on a full-time basis at the institution in any 12-month period ending not more than six months prior to the date the institution submits its appeal, and who remain enrolled beyond the point at which the student would be entitled to a tuition refund of 100 percent—

''(i) complete the educational program in which they are enrolled within the time normally required to complete that program, as specified in the institution's enrollment contract, catalog, or other materials; or

''(ii) continue to be enrolled and are making satisfactory academic progress toward completion of their program; or

''(iii) have entered active duty in the armed forces of the United States; and

''(C) at least two-thirds of the students enrolled on a full-time basis at the institution who complete the educational program in which they are enrolled within any 12-month period ending not more than six months prior to the date the institution submits its appeal are placed for at least 13 weeks in an employment position for which they have been trained, or are enrolled for at least 13 weeks in higher level education program for which the educational program of the institution provided substantial preparation, or have entered active duty in the armed forces of the United States.

''(5) REDUCTION OF DEFAULT RATES AT CERTAIN MINORITY INSTITUTIONS.—

''(A) BENEFICIARIES OF EXCEPTION REQUIRED TO ESTABLISH MANAGEMENT PLAN.—After July 1, 1998, any institution that has a cohort default rate that equals or exceeds 25 percent for each of the three most recent fiscal years for which data are available and that relies on the exception in paragraph (2)(C) of this subsection to continue to be an eligible institution shall—

''(i) submit to the Secretary a default management plan which the Secretary, in his discretion, after consideration of the institution's history, resources, dollars in default, and targets for default reduction, determines is acceptable and provides reasonable assurance that the institution will, by July 1, 2001, have a cohort default rate that is less than 25 percent;

''(ii) engage an independent third party (which may be paid with funds received under part B of title III) to provide technical assistance in implementing such default management plan; and

''(iii) provide to the Secretary, on an annual basis or at such other intervals as the Secretary may require, evidence of cohort default rate improvement and successful implementation of such default management plan.

''(B) DISCRETIONARY ELIGIBILITY CONDITIONED ON IMPROVEMENT.—Notwithstanding the expiration of the exception in paragraph (2)(C), the Secretary may, in his discretion, continue to treat an institution described in subparagraph (A) of this paragraph as an eligible institution for each of the one-year periods beginning on July 1, 1999, and July 1, 2000, only if the institution submits by the beginning of such period evidence satisfactory to the Secretary that—

''(i) such institution has complied and is continuing to comply with the requirements of subparagraph (A); and

''(ii) such institution has made substantial improvement, during each of the preceding one-year periods, in its cohort default rate.

''(6) SPECIAL RULE BASED ON PARTICIPATION RATE INDICES.—(A) An institution that demonstrates to the Secretary that its participation rate index (as defined in regulations in effect on July 1, 1996) is equal to or less than .0375 for any of the three most recent fiscal years for which data are available shall not be subject to paragraph (2).

''(B) An institution shall provide the Secretary with sufficient data to determine its participation rate index within 30 days after receiving an initial notification of its draft cohort default rate.

''(C) Prior to publication of a final cohort default rate for an institution that provides the data under subparagraph (B), the Secretary shall notify the institution of its compliance or noncompliance with subparagraph (A).''.

(b) ELIGIBLE LENDER.—Section 435(d) is amended—

(1) in paragraph (1)(A)(ii)—

(A) by striking ''or'' at the end of subclause (I); and

(B) by inserting before the semicolon at the end of subclause (II) the following: '', or (III) it is a bank that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code and has been participating in the program authorized by this part for three years as of the date of enactment of the Higher Education Amendments of 1998 and only makes loans to undergraduate students who are 22 years of age or younger and has a portfolio of not more than $10,000,000; and in determining whether the making or holding of loans to students and parents under this part is the primary consumer credit function of the eligible lender, all loans (including student loans and other consumer loans) made or held as trustee or in a trust capacity for the benefit of a third party shall be considered'';

(2) in paragraph (1)—

(A) by striking ''and'' at the end of subparagraph (I);

(B) by striking the period at the end of subparagraph (J) and inserting ''; and''; and

(C) by adding at the end the following new subparagraph:

''(K) a wholly owned subsidiary of a publicly held holding company which, for the three years preceding the date of enactment of this subparagraph, through one or more subsidiaries (i) acts as a finance company, and (ii) participates in the program authorized by this part pursuant to subparagraph (C).''; and

(3) in paragraph (5), by adding at the end the following new sentence:

''It shall not be a violation of this paragraph for a lender to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.''.

(c) LINE OF CREDIT.—Section 435(e) is amended to read as follows:

''(e) LINE OF CREDIT.—The term 'line of credit' means an agreement between the lender and the borrower pursuant to a master promissory note under which the lender may make and disburse, in addition to the initial loan, additional loans in subsequent years.''.

SEC. 426. DISCHARGE.

(a) DOCUMENTATION.—Section 437(a) (20 U.S.C. 1087(a)) is amended by adding at the end the following: ''A certification of permanent and total disability from a Veteran's Hospital shall be acceptable documentation for discharge under this subsection.''.

(b) DISCHARGE.—Section 437(c)(1) is amended—

(1) by inserting after ''falsely certified by the eligible institution,'' the following: ''or if the institution failed to make a refund of loan proceeds which it owed to such student's lender,''; and

(2) by adding at the end the following new sentences: ''In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate annually as to the dollar amount of loan discharges attributable to failures to make refunds.''.

SEC. 427. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

Section 437 is further amended—

*(1) in the section heading, by striking out the period at the end thereof and inserting in lieu thereof a semicolon and ''**loan forgiveness for teaching.''**;*

(2) by amending the heading for subsection (c) to read as follows: ''DISCHARGE RELATED TO SCHOOL CLOSURE OR FALSE CERTIFICATION.—''; and

(3) by adding at the end thereof the following new subsection:

''(e) CANCELLATION OF LOANS FOR TEACHING.—

''(1) FUNCTIONS OF SECRETARY.—The Secretary shall discharge the liability of a borrower of a qualifying loan by repaying the amount owed on the loan, to the extent specified in paragraph (4), for service described in paragraph (3).

''(2) QUALIFYING LOANS.—

''(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

''(i) the loan was made under section 428 on or after the date of enactment of the Higher Education Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

''(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

''(B) LIMITATION.—The Secretary may not repay loans described in subparagraph (A) to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

''(C) TREATMENT OF CONSOLIDATION LOANS.—A loan made under section 428C may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

''(3) QUALIFYING SERVICE.—A loan shall be discharged under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of the second academic year of service, in a public or other nonprofit private elementary or secondary school—

''(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

''(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

''(4) RATE OF DISCHARGE.—(A) Loans shall be discharged under this subsection at the rate of—

''(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

''(ii) 40 percent for the third complete year of such qualifying service.

''(B) The total amount that may be discharged under this subsection for any borrower shall not exceed $17,750.

''(C) If a portion of a loan is discharged under subparagraph (A) for any year, the entire amount of interest on that loan that accrues for that year shall also be discharged by the Secretary.

''(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

''(5) LIMITATION ON TEACHER ELIGIBILITY.—

''(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

''(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

''(6) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this subsection and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

''(7) METHOD OF PAYMENT.—The Secretary shall specify in regulations the manner in which lenders shall be reimbursed for loans made under this part, or portions thereof, that are discharged under this subsection.

''(8) LIST.—If the list of schools in which a teacher may perform service pursuant to paragraph (3) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(9) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

''(A) meets the requirements of paragraph (3) in any year during such service; and

''(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to this subsection with respect to such subsequent years.''.

SEC. 428. DEBT MANAGEMENT OPTIONS.

Section 437A (20 U.S.C. 1087–O) is repealed.

SEC. 429. SPECIAL ALLOWANCES.

(a) COMPUTATION.—Section 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended—

(1) in subparagraph (A), by striking ''(E), and (F)'' and inserting ''and (E)''; and

(2) in subparagraph (B)(iv), by striking '', (E), or (F)'' and inserting ''or (E)''.

(b) ORIGINATION FEES.—Section 438(c) is amended—

(1) in paragraph (2)—

(A) by striking ''(other than'' and inserting ''(including loans made under section 428H, but excluding''; and

(B) by adding at the end the following new sentence: ''Except as provided in paragraph (8), a lender is not authorized to assess an origination fee under this paragraph unless the lender assesses the same fee to all student borrowers.''; and

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

''(8) EXCEPTION.—Notwithstanding paragraph (2), a lender may assess a lesser origination fee for a borrower demonstrating greater financial need as determined by such borrower's adjusted gross family income.''.

(c) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—Section 438 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

(d) STUDY.—Section 438 is amended by adding at the end the following new subsection:

''(f) STUDY.—The Comptroller General shall conduct a statistical analysis of the subsidized and unsubsidized student loan programs under part B to gather data on lenders' policies on charging origination fees and to determine if there are any anomalies that would indicate any institutional, programmatic, or socioeconomic discrimination in the assessing or waiving of such fees. The Comptroller General shall report to the appropriate committees of Congress within two years after the date of enactment of the Higher Education Amendments of 1998.''.

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 435. AMENDMENTS TO PART C.

(a) EXTENSION OF AUTHORITY; DEFINITION.—

(1) ELIGIBLE STUDENTS.—Section 441(a) (20 U.S.C. 2751(a)) is amended by inserting after ''professional students'' the following: '', including students participating in an internship or practicum, or as a research assistant, as determined by the Secretary,''.

(2) EXTENSION OF AUTHORITY.—Section 441(b) is amended by striking ''$800,000,000 for fiscal year 1993'' and inserting ''$1,000,000,000 for fiscal year 1999''.

(3) DEFINITION OF COMMUNITY SERVICE.—Section 441(c) is amended by striking ''which are'' and inserting ''that are performed off-campus or on-campus and that are''.

(b) ALLOCATION OF FUNDS.—Section 442 (42 U.S.C. 2752) is amended—

(1) by striking subsection (b);

(2) in subsection (c)(1), by striking ''three-quarters of the remainder'' and inserting ''the remainder'';

(3) in subsection (c)(2)(A)(i), by striking ''subsection (d)'' and inserting ''subsection (c)'';

(4) in subsection (e)(1), by striking ''subsection (c)'' and inserting ''subsection (b)''; and

(5) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively.

(c) TUTORING AND LITERACY ACTIVITIES.—

Section 443 of the Higher Education Act of 1965 (42 U.S.C. 2753) is amended—

(1) in subsection (b)(2)—

(A) by striking ''and'' at the end of subparagraph (A);

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following new subparagraph:

''(B) in academic year 1999 and succeeding academic years, an institution shall use at least 2 percent of the total amount of funds granted to such institution under this section for such academic year in accordance with subsection (d); and''; and

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

''(d) TUTORING AND LITERACY ACTIVITIES.—

''(1) USE OF FUNDS.—In any academic year to which subsection (b)(2)(B) applies, an institution shall use the amount required to be used in accordance with this subsection to compensate (including compensation for time spent in directly related training and travel) students—

''(A) employed as a reading tutor for children who are in preschool through elementary school; or

''(B) employed in family literacy projects.

''(2) PRIORITY FOR SCHOOLS.—An institution shall—

''(A) give priority, in using such funds, to the employment of students in the provision of tutoring services in schools that—

''(i) are identified for school improvement under section 1116(c) of the Elementary and Secondary Education Act of 1965; or

''(ii) are selected by a local educational agency under section 15104(a)(2) of such Act; and

''(B) ensure that any student compensated with such funds who is employed in a school selected under section 15104(a)(2) of the Elementary and Secondary Education Act of 1965 is trained in the instructional practices based on reliable, replicable research on reading used by the school pursuant to such section 15104.

''(3) FEDERAL SHARE.—The Federal share of the compensation of work study students compensated under this subsection may exceed 75 percent.

''(4) WAIVER.—The Secretary may waive the requirements of this subsection if the Secretary determines that enforcing such requirements would cause a hardship for students at the institution.

''(5) RETURN OF FUNDS.—Any institution that does not use the amount required under this subsection, and that does not request and receive a waiver from the Secretary under paragraph (4), shall return to the Secretary, at such time as the Secretary may require for reallocation under paragraph (6), any balance of such amount that is not used as so required.

''(6) REALLOCATION.—The Secretary shall reallot any amounts returned pursuant to paragraph (5) among institutions that used at least 4 percent of the total amount of funds granted to such institution under this section to compensate students employed in tutoring and literacy activities in the preceding academic year. Such funds shall be reallotted among such institutions on the same basis as excess eligible amounts are allocated to institutions pursuant to section 442(c). Funds received by institutions pursuant to this paragraph shall be used in the same manner as amounts required to be used in accordance with this subsection.''.

(d) GRANT REQUIREMENTS.—

(1) COMMUNITY SERVICE.—Section 443(b)(2)(A) (42 U.S.C. 2753(b)(2)(A)) is amended—

(A) by striking ''in fiscal year 1994 and succeeding fiscal years,''; and

(B) by inserting ''(including time spent in travel or training, or both, directly related to such community service)'' after ''community service''.

(2) USE OF FUNDS FOR INDEPENDENT AND LESS-THAN-FULL-TIME STUDENTS.—Section 443(b)(3) (42 U.S.C. 2753(b)(3)) is amended to read as follows:

''(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, then grant funds shall be made available to such less than full-time and independent students;''.

(3) AVAILABILITY OF EMPLOYMENT.—Section 443(b)(6) is amended by striking everything after ''in need thereof'' and inserting a semicolon.

(4) ACADEMIC RELEVANCE.—Section 443(c)(4) is amended by inserting before the semicolon at the end the following: '', to the maximum extent practicable''.

(e) FLEXIBLE USE OF FUNDS.—Section 445(b) (42 U.S.C. 2755(b)) is amended by adding at the end the following new paragraph:

''(3) An eligible institution may, with the permission of a student, make payments to the student under this part by crediting the student's account at the institution or by making a direct deposit to the student's account at a depository institution. An eligible institution may only credit the student's account at the institution for (A) tuition and fees, (B) in the case of institutionally owned housing, room and board, and (C) other institutionally provided goods and services.''.

(f) JOB LOCATION AND DEVELOPMENT PROGRAMS.—Section 446 (42 U.S.C. 2756) is amended—

(1) in subsection (a)(1)—

(A) by striking ''$50,000'' and inserting ''$60,000''; and

(B) by striking ''community service jobs, for currently enrolled students'' and inserting ''community service jobs and cooperative education jobs, for currently enrolled students, including students participating in work-study programs under this part''; and

(2) in subsection (b)—

(A) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7); and

(B) by inserting after paragraph (3) the following new paragraph:

''(4) provide that the institution will notify the Secretary if the institution will use funds under this section to develop cooperative education jobs and will provide assurances that—

''(A) the funds provided under this paragraph will supplement and not supplant any cooperative education funds available to the institution;

''(B) in the case of 2-year programs, funds will be used to develop and expand cooperative education, jobs for associate degree or certificate students only;

''(C) the work portion of a cooperative education job developed or expanded under this paragraph will be related to a student's academic program; and

''(D) the institution will furnish the Secretary a report on cooperative education jobs expanded and developed under this paragraph, including—

''(i) how the funds were used;

''(ii) a list of employers and whether the employer is a for-profit or not-for-profit entity; and

''(iii) the employers' role in the cooperative education job.''.

(g) WORK COLLEGES EXTENSION OF AUTHORITY.—Section 448(f) (42 U.S.C. 2756b(f)) is amended by striking ''1993'' and inserting ''1999''.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

SEC. 436. SELECTION OF INSTITUTIONS.

(a) GENERAL AUTHORITY.—Section 453(a) (20 U.S.C. 1087c(a)) is amended—

(1) by striking ''PHASE-IN'' and everything that follows through ''GENERAL AUTHORITY.—'' and inserting ''GENERAL AUTHORITY.—''; and

(2) by striking paragraphs (2), (3), and (4).

(b) SELECTION CRITERIA.—Section 453(b)(2) is amended by striking ''prescribe,'' and everything that follows through the end of subparagraph (B) and inserting ''prescribe.''.

(c) ORIGINATION.—Section 453(c) is amended—

(1) in paragraph (2)—

(A) in the heading, by striking ''TRANSITION SELECTION CRITERIA'' and inserting ''SELECTION CRITERIA'';

(B) by striking ''For academic year 1994–1995, the Secretary'' and inserting ''The Secretary'';

(C) by striking subparagraph (A); and

(D) in subparagraph (E), by striking everything after ''deficiencies'' and inserting a semicolon; and

(E) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G); and

(2) in paragraph (3)—

(A) in the heading, by striking ''AFTER TRANSITION''; and

(B) by striking ''For academic year 1995–1996 and subsequent academic years, the Secretary'' and inserting ''The Secretary''.

SEC. 437. TERMS AND CONDITIONS.

(a) INTEREST RATES.—

(1) AMENDMENT.—Section 455(b) (20 U.S.C. 1087e(b)) is amended to read as follows:

''(b) INTEREST RATE.—

''(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—With respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(4) REPAYMENT INCENTIVES.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe in regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are both cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions must be completely offset by corresponding savings in funds available for the Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

''(5) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.''.

(2) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

(b) CONSOLIDATION LOANS.—The first sentence of section 455(g) is amended by striking everything after ''section 428C(a)(4)'' and inserting a period.

SEC. 438. CONTRACTS.

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

(1) by inserting ''and'' after the semicolon at the end of paragraph (3);

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 439. FUNDS FOR ADMINISTRATIVE EXPENSES.

Section 458 (20 U.S.C. 1087h) is amended—

(1) in subsection (a)(1), by striking subparagraph (B) and everything that follows and inserting the following:

''(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) $626,000,000 in fiscal year 1999,

$726,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003. Account maintenance fees under subparagraph (B) of this paragraph shall be paid quarterly and deposited in the Operating Fund established under 422B. The Secretary may carry over funds available under this section to a subsequent fiscal year.'';

(2) by striking paragraph (2) of subsection (a) and inserting the following:

''(2) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated for fiscal year 1999 and fiscal year 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B, and for fiscal years 2001 and succeeding fiscal years, shall be calculated on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.''; and

(3) by striking subsection (d).

SEC. 440. AUTHORITY TO SELL LOANS.

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

''SEC. 459. AUTHORITY TO SELL LOANS.

''The Secretary, in consultation with the Secretary of the Treasury, is authorized to sell loans made under this part on such terms as the Secretary determines are in the best interest of the United States, except that any such sale shall not result in any cost to the Federal Government. Notwithstanding any other provision of law, the proceeds of any such sale may be used by the Secretary to offer reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are in the best financial interests of the Federal Government.''.

SEC. 441. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

Part D of title IV is amended by inserting after section 459, as added by section 440, the following new section:

''SEC. 459A. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

''(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—

''(1) FUNCTIONS OF SECRETARY.—The percent specified in paragraph (4) of the total amount of any qualifying loan shall be canceled for each complete year of service by the borrower described in paragraph (3).

''(2) QUALIFYING LOANS.—

''(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

''(i) the loan was a Federal Direct Stafford Loan made on or after the date of enactment of the Higher Education Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

''(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

''(B) LIMITATION.—The Secretary may not repay loans described in subparagraph (A) to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

''(C) TREATMENT OF CONSOLIDATION LOANS.—A Federal Direct Consolidation Loan may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

''(3) QUALIFYING SERVICE.—A loan shall be cancelled under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of the second academic year of service, in a public or other nonprofit private elementary or secondary school—

''(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

''(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

''(4) PERCENTAGE OF CANCELLATION.—(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is at the rate of—

''(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

''(ii) 40 percent for the third complete year of such qualifying service.

''(B) The total amount that may be canceled under this subsection for any borrower shall not exceed $17,750.

''(C) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

''(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

''(5) LIMITATION ON TEACHER ELIGIBILITY.—

''(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

''(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

''(6) DEFINITION.—For the purpose of this section, the term 'year' where applied to service as a teacher means an academic year as defined by the Secretary.

''(7) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

''(b) SPECIAL RULES.—

''(1) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (a)(3) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(2) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

''(A) meets the requirements of subsection (a)(3) in any year during such service; and

''(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (a)(1) with respect to such subsequent years.''.

PART E—FEDERAL PERKINS LOANS

SEC. 445. AMENDMENTS TO PART E.

(a) EXTENSION OF AUTHORITY.—Section 461(b) (20 U.S.C. 1087aa(b)) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999''; and

(2) in paragraph (2), by striking ''1997'' each place it appears and inserting ''2003''.

(b) ALLOCATION OF FUNDS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) by striking subsection (b);

(2) in subsection (c)(1), by striking ''three-quarters of the remainder'' and inserting ''the remainder'';

(3) in subsection (c)(2), by striking ''subsection (g)'' and inserting ''subsection (f)'';

(4) in subsection (c)(3)—

(A) by striking ''subsection (d)'' and inserting ''subsection (c)'';

(B) by striking ''subsection (f)'' and inserting ''subsection (e)''; and

(C) by striking ''subsection (g)'' and inserting ''subsection (f)'';

(5) in subsection (f)(1), by striking ''subsection (g)'' and inserting ''subsection (f)'';

(6) in subsection (j)(2)—

(A) by striking ''subsection (c)'' and inserting ''subsection (b)''; and

(B) by striking ''subsection (c) of section 462'' and inserting ''subsection (b)''; and

(7) by redesignating subsections (c) through (j) as subsections (b) through (i), respectively.

(c) DEFAULT REDUCTION PENALTIES.—Section 462(e)(2)(A) (as redesignated by subsection (b)(7) of this section) is amended by inserting before the semicolon at the end the following: '', except that a plan shall not be required with respect to any such institution that has a default rate of less than 20 percent and has less than 100 students who have loans under this part in any academic year''.

(d) DEFINITIONS FOR DEFAULT RATE CALCULATIONS.—Section 462(g) (as redesignated by subsection (b)(7) of this section) is amended by adding at the end the following new paragraph:

''(5) For the purpose of this subsection, the term 'satisfactory arrangements to resume payment' includes—

''(A) receipt of voluntary monthly payments for three consecutive months after the time periods specified in paragraph (4);

''(B) receipt of voluntary payments sufficient to bring the loan current prior to the calculation being made for any award year under paragraph (3);

''(C) obtaining any deferment, postponement, rehabilitation, forbearance, or cancellation of the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3);

''(D) receipt of the full amount due on the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3); or

''(E) any other arrangements to resume payment which the Secretary determines to be satisfactory.''.

(e) REPORTS TO CREDIT BUREAUS OF PAYMENT RESUMPTIONS.—Section 463(c) (20 U.S.C. 1087cc(c)) is amended by adding at the end the following new paragraph:

''(5) Each institution of higher education shall notify the appropriate credit bureau organizations whenever a borrower of a loan that is made and held by the institution and that is in default makes 12 consecutive monthly payments on such loan, for the purpose of encouraging such organizations to update the status of information maintained with respect to that borrower.''.

(f) INCENTIVE REPAYMENT PROGRAMS.—Section 463 is amended by adding at the end the following new subsection:

''(f) INCENTIVE REPAYMENT PROGRAMS.—

''(1) PROGRAM AUTHORIZED.—Any institution of higher education participating in the program under this part may establish, with the approval of the Secretary, an incentive repayment program designed to reduce defaults on loans under this part and to assist in replenishing the student loan fund established under this part.

''(2) CONTENTS OF PROGRAM.—An incentive repayment program under this part may contain provisions that—

''(A) offer a reduction in the interest rate on a loan on which the borrower has made 48 consecutive monthly payments, but in no event may the interest rate be reduced by more than one percent;

''(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event shall such discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

''(C) include such other incentive repayment options as the institution determines, with the approval of the Secretary, will carry out the objectives of this subsection.

''(3) NO NET COST TO THE GOVERNMENT.—No incentive option contained in a program authorized by this subsection may be charged to the Federal Government.''.

(g) TERMS OF LOANS.—

(1) AGGREGATE AMOUNT.—Section 464(a)(2)(B) (20 U.S.C. 1087dd(a)(2)(B)) is amended by striking ''the aggregate of the loans for all years'' and inserting ''the aggregate unpaid principal amount for all loans''.

(2) ALLOCATION TO LESS-THAN-FULL-TIME STUDENTS.—Section 464(b) is amended—

(A) by striking ''(1)''; and

(B) by striking paragraph (2).

(3) QUALIFICATION FOR DEFERMENTS.—Section 464(c)(2) is amended by adding at the end the following new subparagraph:

''(C) An individual with an outstanding loan balance who meets the eligibility criteria for a deferment described in subparagraph (A) as in effect on the date of enactment of this subparagraph shall be eligible for deferment under this paragraph notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such deferment.''.

(4) CLERICAL AMENDMENT.—The matter following clause (iv) of section 464(c)(2)(A) is amended by striking ''subparagraph (B)'' and inserting ''subparagraph (A) of paragraph (1)''.

(h) REHABILITATION AND DISCHARGE OF LOANS.—Section 464 is further amended by adding at the end the following new subsections:

''(g) REHABILITATION OF LOANS.—(1)(A) If the borrower of a loan made under this part who has defaulted on the loan makes 12 on-time, consecutive, monthly payments of amounts owed on the loan, the loan shall be considered rehabilitated, and the institution that made the loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit reporting organization to which the default was reported to remove the default from the borrower's credit history.

''(B) As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

''(C) The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

''(D) A borrower may obtain the benefit of this paragraph with respect to rehabilitating the loan only once.

''(2) If the borrower of loan made under this part who has defaulted on that loan makes 6 on-time, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower may obtain the benefit of this paragraph with respect to restored eligibility only once.

''(h) DISCHARGE.—

''(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals, or settle the loan obligation.

''(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution and its affiliates and principals.

''(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period of a student's assistance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

''(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall be treated the same as loans under section 465(a)(5).

''(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.''.

(i) CANCELLATION.—Section 465 (20 U.S.C. 1087ee) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(C), by striking ''section 676(b)(9)'' and inserting ''section 635(a)(10)'';

(B) by striking subparagraph (H) of paragraph (2) and inserting the following:

''(H) as a full-time nurse or medical technician providing health care services;'';

(C) by striking the period at the end of subparagraph (I) of such paragraph and inserting a semicolon;

(D) by adding at the end of such paragraph the following new subparagraphs:

''(J) as a member of the Commissioned Corps of the Public Health Service of the United States; or

''(K) as a non-physician mental health professional providing health care services in a health professional shortage area designated under section 332 of the Public Health Service Act.'';

(E) in the last sentence of paragraph (2), by striking ''section 602(a)(1)'' and inserting ''section 602(3)''; and

(F) by adding at the end the following new paragraph:

''(7) An individual with an outstanding loan obligation who performs service of any type that is described in paragraph (2) as in effect on the date of enactment of this paragraph shall be eligible for cancellation under this section for such service notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such service.''; and

(2) in subsection (b), by adding at the end the following new sentence: ''To the extent feasible, the Secretary shall pay the amounts for which any institution qualifies under this subsection no later than three months after the institution files an institutional application for campus-based funds.''.

(j) DISTRIBUTION OF ASSETS.—Section 466 (20 U.S.C. 1087ff) is amended—

(1) by striking ''1996'' each place it appears and inserting ''2003''; and

(2) by striking ''1997'' each place it appears and inserting ''2004''.

(k) COLLECTION OF DEFAULTED LOANS.—

(1) REPEAL.—Subsection (c) of section 467 (20 U.S.C. 1087gg(c)) is repealed.

(2) DEPOSIT.—Any funds in the Perkins Revolving Loan Fund on the date of enactment of this Act shall be deposited in the general fund of the Treasury.

(l) STATUS CONFIRMATION REPORTS.—Section 468 (20 U.S.C. 1087hh) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''In carrying out''; and

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

''(b) STUDENT STATUS CONFIRMATION REPORTS.—The Secretary shall ensure that borrowers under this part are included in the student status confirmation report required by the Secretary in the same manner as borrowers under parts B and D of this title.''.

PART F—NEED ANALYSIS

SEC. 446. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087ll) is amended—

(1) in paragraph (2), by inserting after ''personal expenses'' the following: '', including a reasonable allowance for the rental or purchase of a personal computer,''; and

(2) in paragraph (10), by striking everything after ''determining costs'' and inserting a semicolon.

SEC. 447. DATA ELEMENTS.

Section 474(b)(3) (20 U.S.C. 1087nn(b)(3)) is amended by inserting '', excluding the student's parents,'' after ''family of the student''.

SEC. 448. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.—Section 475(b)(3) (20 U.S.C. 1087oo(b)(3)) is amended by inserting '', excluding the student's parents,'' after ''number of the family members''.

(b) FAMILY CONTRIBUTION FROM ASSETS.—Section 475 is amended—

(1) in subsection (b)(1)(B), by striking ''parents' contribution'' and inserting ''family contribution'';

(2) in the heading of subsection (d), by striking ''PARENTS' CONTRIBUTION'' and inserting ''FAMILY CONTRIBUTION'';

(3) in subsection (d)(1)—

(A) by striking ''parents' contribution'' and inserting ''family contribution''; and

(B) by striking ''parental net worth'' in subparagraph (A) and inserting ''family net worth'';

(4) in subsection (d)(2)—

(A) by striking ''PARENTAL'' in the heading and inserting ''FAMILY'';

(B) by striking ''parental net worth'' and inserting ''family net worth''; and

(C) by inserting '', for both the parents and the dependent student'' after ''by adding'';

(5) by striking subsection (h); and

(6) by redesignating subsection (i) as subsection (h).

(c) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—Section 475(g) is amended—

(1) in paragraph (2)—

(A) in subparagraph (D), by striking ''$1,750; and'' and inserting ''$3,000, or a successor amount prescribed by the Secretary under section 478;'';

(B) by striking the period at the end of subparagraph (E) and inserting ''; and''; and

(C) by inserting after subparagraph (E) the following new subparagraph:

''(F) an allowance for parents' negative available income, determined in accordance with paragraph (6).''; and

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

''(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (2) exceeds the parents' total income (as defined in section 480).''.

(e) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OTHER THAN NINE

MONTHS.—Section 475 is amended by adding at the end the following new subsection:

''(i) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than nine months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing amount determined under such subsection by nine, and multiplying the result by the number of months in the period of enrollment.''.

SEC. 449. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

(a) ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN NINE MONTHS.—Section 476(a) (20 U.S.C. 1087pp(a)) is amended—

(1) by striking ''and'' at the end of paragraph (1)(B);

(2) by inserting ''and'' after the semicolon at the end of paragraph (2); and

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

''(3) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

''(A) dividing the quotient resulting under paragraph (2) by nine; and

''(B) multiplying the result by the number of months in the period of enrollment;''.

(b) CONTRIBUTION FROM AVAILABLE INCOME.—Section 476(b)(1)(A)(iv) is amended—

(1) by striking ''allowance of—'' and inserting ''allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—'';

(2) by striking ''$3,000'' each place it appears in subclauses (I) and (II) and inserting ''$5,500''; and

(3) by striking ''$6,000'' in subclause (III) and inserting ''$8,500''.

SEC. 450. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.

Section 477(a) (20 U.S.C. 1087qq(a)) is amended—

(1) by striking ''and'' at the end of paragraph (2);

(2) by inserting ''and'' after the semicolon at the end of paragraph (3); and

(3) by inserting after paragraph (3) the following new paragraph:

''(4) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

''(A) dividing the quotient resulting under paragraph (3) by nine; and

''(B) multiplying the result by the number of months in the period of enrollment;''.

SEC. 451. REGULATIONS; UPDATED TABLES AND AMOUNTS.

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

(1) by striking ''For each academic year'' and inserting the following:

''(1) REVISED TABLES.—For each academic year''; and

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

''(2) REVISED AMOUNTS.—For each academic year after academic year 1997–1998, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1996 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.''.

SEC. 452. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

(a) SPECIAL CIRCUMSTANCES.—Section 479A(a) (20 U.S.C. 1087tt(a)) is amended—

(1) in the first sentence, by inserting after ''(or both)'' the following: ''or, in extraordinary circumstances, the amount of the expected family contribution,''; and

(2) by inserting after the second sentence the following new sentence: ''Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in a family's income or assets or a student's status. Extraordinary circumstances shall be defined by the Secretary by regulation.''.

(b) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—Section 479A is amended by striking subsection (c) and inserting the following:

''(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—On a case-by-case basis, an eligible institution may refuse to certify a statement which permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student and the student is afforded an opportunity to appeal the action in a timely fashion. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.''.

SEC. 453. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting after ''paragraph (1),'' the following: ''a post-service benefit under chapter 30 of title 38, United States Code, or''.

PART G—GENERAL PROVISIONS

SEC. 461. DEFINITIONS.

Section 481 (20 U.S.C. 1088), as amended by section 102(b), is further amended by adding at the end the following new subsection:

''(d) DISTANCE LEARNING.—For the purpose of any program under this title, the term 'distance learning' means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance learning may include courses offered principally through the use of—

''(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

''(2) audio or computer conferencing;

''(3) video cassettes or discs; or

''(4) correspondence.''.

SEC. 462. MASTER CALENDAR.

(a) REQUIRED SCHEDULE.—Section 482(a) (20 U.S.C. 1089(a)) is amended by adding at the end the following new paragraphs:

''(3) The Secretary shall, to the extent practicable, notify eligible institutions, guaranty agencies, lenders, interested software providers, and, upon request, other interested parties, by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.

''(4) The Secretary shall attempt to conduct training activities for financial aid administrators and others in an expeditious and timely manner prior to the start of such award year in order to ensure that all participants are informed of all administrative requirements.''.

(b) DELAY OF EFFECTIVE DATE.—Section 482(c) is amended by striking the second sentence and inserting the following: ''The Secretary shall provide a period for public comment of not less than 60 days after publication of any notice of proposed rulemaking affecting programs under this title.''.

SEC. 463. FORMS AND REGULATIONS.

(a) COMMON FINANCIAL AID FORM.—Section 483(a) (20 U.S.C. 1090(a)) is amended—

(1) in paragraph (1)—

(A) by striking ''A, C, D, and E'' and inserting ''A through E'';

(B) by striking ''and to determine the need of a student for the purpose of part B of this title''; and

(C) by striking the last sentence and inserting the following: ''The Secretary shall include, on the first page of the form, a prominently displayed notice to students and parents advising them to check with the college financial aid office in the event that they have unusual circumstances which may affect their eligibility for financial aid.'';

(2) in paragraph (2)—

(A) by striking ''A, C, D, and E'' each place it appears and inserting ''A through E'';

(B) by striking ''and the need of a student for the purpose of part B of this title,''; and

(C) by striking ''or have the student's need established for the purpose of part B of this title'';

(3) in the first sentence of paragraph (3), by inserting ''processing loan applications and'' after ''for the purposes of''; and

(4) by adding at the end the following new paragraph:

''(5) ELECTRONIC FORMS.—(A) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private computer software providers, shall develop an electronic version of the form described in paragraph (1). Such an electronic version shall not require a signature to be collected at the time such version is submitted, as permitted by the Secretary. The Secretary shall prescribe such version no later than 120 days after the date of enactment of the Higher Education Amendments of 1998.

''(B) Nothing in this section shall prohibit the use of the version of the form developed by the Secretary pursuant to subparagraph (A) by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software providers, a consortium thereof, or such other entities as the Secretary may designate.

''(C) The Secretary shall provide to such organization or consortium necessary specifications that software developed, produced, distributed (including any diskette, modem or network communications, or otherwise) must meet. Included in the specifications shall be test cases that such organization or consortia must use to prove accuracy of its cases to the Secretary. If the results of the test cases are inconsistent with the provisions of this part, the Secretary shall notify the submitting organizations or consortium of his objection within 30 days of such submission. In the absence of such an objection the organization or consortium may use the electronic form as submitted. No fee shall be charged to students in connection with the use of the electronic form, or of any other electronic forms used in conjunction with such form in applying for Federal or State student financial assistance.

''(D) The Secretary shall ensure that data collection complies with section 552a of title 5, United States Code, and that any entity using the version of the form developed by the Secretary pursuant to subparagraph (A) shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the version of the form. Data collected by such version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary.''.

(b) STREAMLINED REAPPLICATION PROCESS.—Section 483(b)(1) is amended by striking '', within 240 days'' and everything that follows through ''of 1992,''.

(c) INFORMATION TO COMMITTEES.—Section 483(c) is amended by striking ''and Labor'' and inserting ''and the Workforce''.

(d) TOLL-FREE INFORMATION.—Section 483(d) is amended by striking ''section 633(c)'' and inserting ''section 685(d)(2)(C)''.

(e) REPEAL.—Subsection (f) of section 483 is repealed.

SEC. 464. STUDENT ELIGIBILITY.

(a) IN GENERAL.—Section 484(a) (20 U.S.C. 1091(a))—

(1) in paragraph (4), by striking ''the institution'' and everything that follows through ''lender), a document'' and inserting ''the Federal Government, as part of the original financial aid application process, a certification''; and

(2) in paragraph (4)(B), by inserting after ''social security number,'' the following: ''and if a dependent student, the social security number of any parent of such student whose income information is required to be included on the form,''.

(b) TERMINATION OF ELIGIBILITY.—Section 484(j) is amended by inserting ''until September 30, 2001'' after ''a student shall be eligible''.

(c) VERIFICATION OF INCOME DATA.—Section 484 is amended by adding at the end the following new subsection:

''(q) VERIFICATION OF INCOME DATA.—

''(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the adjusted gross income, filing status, and exemptions reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.

''(2) NOTIFICATION.—The Secretary shall establish procedures under which an applicant is notified that the Internal Revenue Service will disclose to the Secretary tax return information as authorized under section 6103(l)(13) of the Internal Revenue Code of 1986.''.

(d) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

(1) AMENDMENT.—Section 484 is further amended by adding at the end thereof the following new subsection:

''(r) SUSPENSION OF ELIGIBILITY FOR DRUGRELATED OFFENSES.—

''(1) IN GENERAL.—An individual student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

''If convicted of an offense involving:	
The possession of a controlled substance:	*Ineligibility period is:*
First offense	*1 year*
Second offense ...	*2 years*
Third offense	*indefinite*
The sale of a controlled substance:	
First offense	*2 years*
Second offense ...	*indefinite*

''(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph.

''(3) DEFINITIONS.—As used in this subsection, the term 'controlled substance' has the meaning given in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to financial assistance to cover the costs of attendance for periods of enrollment beginning after the date of enactment of this Act.

SEC. 465. STATE COURT JUDGMENTS.

Section 484A (20 U.S.C. 1091a) is amended by adding at the end the following new subsection:

''(c) STATE COURT JUDGMENTS.—A judgment of a State court for the recovery of money provided as grant, loan, or work assistance under this title that has been assigned or transferred to the Secretary under this title may be registered in any district court by filing a certified copy of the judgment and the assignment or other transfer to the Secretary. A judgment so registered shall have the same force and effect, and may be enforced in the same manner, as a judgment of the district court of the district in which the judgment is registered.''.

SEC. 466. INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION.—Section 485(a) (20 U.S.C. 1092(a)) is amended—

(1) in paragraph (1), by striking the second sentence and inserting the following: ''The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media to all current students and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this Act and section 444 of the General Education Provisions Act (also referred to as the Family Educational Rights and Privacy Act of 1974), together with a statement of the procedures required to obtain such information.'';

(2) in paragraph (3)—

(A) in the first sentence, by striking ', or enrolled in any program of an eligible institution for which the prior program provides substantial preparation''; and

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

''(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and''; and

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

''(6) Each institution may, but is not required to, provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students transferring into the institution or information showing the rate at which students transfer out of the institution.''.

(b) DEPARTMENTAL PUBLICATIONS.—Section 485(d) is amended—

(1) by striking ''(1) assist'' and inserting ''(A) assist'';

(2) by striking ''(2) assist'' and inserting ''(B) assist'';

(3) by inserting ''(1)'' before ''The Secretary'' the first place it appears; and

(4) by adding at the end the following new paragraphs:

''(2) The Secretary shall, to the extent such information is available, compile information describing State prepaid tuition programs and disseminate such information to States, eligible institutions, students, and parents in departmental publications.

''(3) The Secretary shall, to the extent practicable, update the Department's Internet site to include direct links to databases which contain information on public and private financial assistance programs. The Secretary shall only provide direct links to databases which can be accessed without charge and shall verify with appropriate parties that the databases included in the direct link are not in any way providing fraudulent information. The Secretary shall prominently display adjacent to the direct link a disclaimer indicating that a direct link to a database does not constitute an endorsement or recommendation of the database or its provider or any services or products of such provider. The Secretary shall provide additional direct links to information resources from which students may obtain information about fraudulent and deceptive practices in the provision of services related to student financial aid.''.

(c) DISCLOSURES.—Section 485(e) is amended—

(1) in paragraph (2)—

(A) by striking ''his parents, his guidance'' and inserting ''the student's parents, guidance''; and

(B) by adding at the end the following new sentence: ''If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions that the Secretary determines is substantially comparable to the information described in paragraph (1), the distribution of the compilation of such data to all secondary schools in the United States shall fulfill the responsibility of the institution to provide information to a prospective student athlete's guidance counselor and coach.'';

(2) in paragraph (4), by striking ''when such completion or graduation rate includes students transferring into and out of such institution'' and inserting ''for students transferring into the institution or information showing the rate at which students transfer out of the institution''; and

(3) by striking paragraph (9) and inserting the following:

''(9) The reports required by this subsection shall be due on each July 1 and shall cover the 1-year period ending August 31 of the preceding year.''.

(d) CAMPUS CRIME REPORTING AND DISCLOSURE.—Section 485(f) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (F) and inserting the following:

''(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years, of the following criminal offenses or arrests reported to campus security authorities, campus officials who have direct administrative responsibility for student or campus activities, disciplinary officers and other officials responsible for resolving student disciplinary matters, athletic department officials, or local police agencies (including offenses handled through the campus disciplinary system):

''(i) murder;

''(ii) sex offenses, forcible or nonforcible;

''(iii) robbery;

''(iv) aggravated assault;

''(v) burglary;

''(vi) motor vehicle theft;

''(vii) manslaughter;

''(viii) larceny;

''(ix) arson; and

''(x) arrests or persons referred for campus disciplinary action for liquor law violations, drug-related violations, and weapons possession.'';

(B) by striking subparagraph (H); and

(C) by redesignating subparagraph (I) as subparagraph (H);

(2) in paragraph (4)—

(A) by striking ''Upon request of the Secretary, each'' and inserting ''On an annual basis, each'';

(B) by striking ''paragraphs (1)(F) and (1)(H)'' and inserting ''paragraph (1)(F)'';

(C) by striking ''and Labor'' and inserting ''and the Workforce'';

(D) by striking ''1995'' and inserting ''2000'';

(E) by striking ''and'' at the end of subparagraph (A);

(F) by redesignating subparagraph (B) as subparagraph (C); and

(G) by inserting after subparagraph (A) the following new subparagraph:

''(B) make copies of the statistics submitted to the Secretary available to the public; and'';

(3) in paragraph (6)—

(A) by striking ''paragraphs (1)(F) and (1)(H)'' and inserting ''paragraph (1)(F)''; and

(B) by adding at the end the following new sentence: ''Such statistics shall not identify victims of crimes or persons accused of crimes.''; and

(4) by adding at the end the following new paragraphs:

''(8)(A) Each institution participating in any program under this title that maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording in chronological order all crimes reported to such police or security department, including the nature, date, time, and general location of each crime and the disposition of the complaint, if known.

''(B) All entries that are required by this paragraph shall be open to public inspection during normal business hours within two business days of the initial report being made to the department, unless—

''(i) disclosure of such information is prohibited by law; or

''(ii) the release of such information is likely to jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence.

Any information withheld under clause (ii) shall be open to public inspection as soon as the damage that is the basis for such withholding is no longer likely to occur.

''(9) The Secretary shall provide technical assistance in complying with the provisions of this section to an institution of higher education who requests such assistance.''.

(e) DATA REQUIRED.—Section 485(g) is amended—

(1) in paragraph (1), by adding at the end the following new subparagraphs:

''(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, derived by the institution from its intercollegiate athletics activities.

''(ii) For the purpose of clause (i), revenues from intercollegiate athletics activities allocable to a sport shall include (without limitation) gate receipts, broadcast revenues, appearance guarantees and options, concessions, and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

''(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, made by the institution for its intercollegiate athletics activities.

''(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include (without limitation) grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

''(K) A statement of any reduction that may or is likely to occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport, or in the financial resources that the institution will make available to any such sport, and the reasons for any such reduction.''; and

(2) by striking paragraph (5).

SEC. 467. NATIONAL STUDENT LOAN DATA SYSTEM.

Section 485B(a) (20 U.S.C. 1092b(a)) is amended by inserting before the period at the end of the third sentence the following: ''no later than one year after the date of enactment of the Higher Education Amendments of 1997''.

SEC. 468. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED CONTENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended—

(1) in the first sentence, by striking '', except with respect to a program under subpart 4 of part A,'';

(2) in paragraph (3), by striking subparagraph (B) and inserting the following:

''(B) the appropriate State agency;'';

(3) in paragraph (4), by striking ''subsection (b)'' and inserting ''subsection (c)'';

(4) in paragraph (15), by striking ''State review entities under subpart 1 of part H'' and inserting ''appropriate State agencies'';

(5) by striking paragraph (18) and inserting the following:

''(18) The institution will meet the requirements established pursuant to section 485(g).''; and

(6) by striking paragraph (21) and inserting the following:

''(21) The institution will meet the requirements established by the Secretary, appropriate State agencies, and accrediting agencies, pursuant to part H of this title.''.

(b) AUDITS; FINANCIAL RESPONSIBILITY.—Section 487(c) is amended—

(1) in paragraph (1)(A)(i), by striking ''State agencies'' and everything that follows through the semicolon and inserting ''and appropriate State agencies;'';

(2) in paragraph (2), by striking ''subpart 3'' and inserting ''subpart 2'';

(3) in paragraph (4), by striking '', after consultation'' and everything that follows through ''part H,''; and

(4) in paragraph (5), by striking ''State review'' and everything that follows through ''part H'' and inserting ''appropriate State agencies''.

SEC. 469. QUALITY ASSURANCE AND REGULATORY SIMPLIFICATION.

Section 487A (20 U.S.C. 1094a) is amended to read as follows:

''SEC. 487A. QUALITY ASSURANCE AND REGULATORY SIMPLIFICATION PROGRAM.

''(a) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Regulatory Simplification Program that provides participating institutions with the opportunity to develop and implement an alternative management program that—

''(1) shall allow alternative methods of complying with regulations issued with respect to parts A through E and G of this title;

''(2) shall not modify or waive the application of any requirement or other provision of this Act; and

''(3) may include a Quality Assurance Program through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system.

''(b) SELECTION CRITERIA.—The criteria for selecting institutions for participation in the Regulatory Simplification Program shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration regulatory simplification goals, as determined by the Secretary. The selection criteria shall ensure the participation of representatives of institutions of higher education according to size, mission, and geographical distribution.

''(c) REMOVAL FROM THE PROGRAM.—The Secretary is authorized to determine—

''(1) when an institution that is unable to administer the Regulatory Simplification Program must be removed from such program, and

''(2) when institutions desiring to cease participation in such Program will be required to complete the current award year under the requirements of the Program.

''(d) EXPERIMENTAL SITES.—The Secretary is authorized to designate institutions selected for participation in the Regulatory Simplification Program as Experimental Sites.

''(e) DEFINITIONS.—For purposes of this section, the term 'current award year' means the award year during which the participating institution indicates its intention to cease participation.''.

SEC. 470. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

Part G of title IV is amended—

(1) by redesignating section 487B (20 U.S.C. 1094b) as section 487C; and

(2) by inserting after section 487A (as amended by section 469) the following new section:

''SEC. 487B. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

''(a) PURPOSE.—It is the purpose of this section—

''(1) to allow demonstration programs that are strictly monitored by the Department of Education to test the quality and viability of expanded distance education programs currently restricted under this Act;

''(2) to provide for increased student access to higher education through distance education programs;

''(3) to help determine the most effective means of delivering quality education via distance education course offerings; and

''(4) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

''(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary is authorized to select institutions or a consortia of institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs without regard to the current restrictions in part F or G of this title or part A of title I.

''(2) EXEMPTIONS.—The Secretary is authorized to exempt any institution or consortia participating in a Distance Education Demonstration Program from any of the requirements of parts F or G of this title, or part A of title I, or the regulations prescribed under such parts.

''(c) APPLICATION.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

''(d) SELECTION.—To the extent feasible, the Secretary shall select a representative sample institutions for participation in the demonstration program authorized under this section. In selecting institutions for participation, the Secretary shall take into consideration the institution's financial and administrative capability and the type of program or programs being offered via distance education course offerings. The Secretary shall, in the exercise of his discretion, determine the number of demonstration programs to be allowed based on the number and quality of applications received and the Department's capacity to oversee and monitor each demonstration program.

''(e) EVALUATION AND REPORT.—

''(1) EVALUATION.—The Secretary shall, on an annual basis, evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

''(A) the quality of the programs being offered;

''(B) issues related to student financial assistance for distance education; and

''(C) effective technologies for delivering distance education course offerings.

''(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance learning and other nontraditional methods of expanding access to education.

''(3) REPORT.—The Secretary shall report to the appropriate committees of Congress with respect to—

''(A) the evaluations of the demonstration programs authorized under this section; and

''(B) any proposed legislative changes designed to enhance the use of distance education.''.

SEC. 471. GARNISHMENT REQUIREMENTS.

(a) MAXIMUM PERCENTAGE.—Section 488A(a)(1) (20 U.S.C. 1095a(a)(1)) is amended by striking ''10 percent'' and inserting ''15 percent''.

(b) NO ATTACHMENT OF STUDENT ASSISTANCE.—Section 488A is further amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

''(d) NO ATTACHMENT OF STUDENT ASSISTANCE.—Except as authorized in this section, notwithstanding any other provision of Federal or State law, no grant, loan, or work assistance awarded under this title, or property traceable to such assistance, shall be subject to garnishment or attachment in order to satisfy any debt owed by the student awarded such assistance, other than a debt owed to the Secretary and arising under this title.''.

SEC. 472. ADMINISTRATIVE SUBPOENA AUTHORITY.

Part G of title IV of the Act is further amended by inserting immediately after section 490 (20 U.S.C. 1097) the following new section:

''SEC. 490A. ADMINISTRATIVE SUBPOENAS.

''(a) AUTHORITY.—To assist the Secretary in the conduct of investigations of possible violations of the provisions of this title, the Secretary is authorized to require by subpoena the production of information, documents, reports, answers, records, accounts, papers, and other documentary evidence pertaining to participation in any program under this title. The production of any such records may be required from any place in a State.

''(b) ENFORCEMENT.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the Attorney General to invoke the aid of any court of the United States where such person resides or transacts business for a court order for the enforcement of this section.''.

SEC. 473. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 (20 U.S.C. 1098) is amended—

(1) in subsection (b)—

(A) by inserting ''staffing levels,'' after ''allocations and expenditures,'' the first place it appears; and

(B) by striking the fourth and fifth sentences and inserting the following: ''Reports, publications, and other documents, including documents in electronic form, shall not be subject to review by the Secretary.'';

(2) in subsection (c)(1)—

(A) by striking ''11 members'' and inserting ''15 members''; and

(B) by striking ''3 members'' each place it appears in subparagraphs (A) and (B) and inserting ''5 members'';

(3) in subsection (c)(2), by striking ''7 members'' and inserting ''11 members'';

(4) in subsection (e)—

(A) by striking everything after ''except that,'' in paragraph (1) and inserting the following:

''within 90 days after the date of enactment of the Higher Education Amendments of 1998, 2 additional members shall be appointed by the President pro tempore of the Senate (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader) and 2 additional members shall be appointed by the Speaker of the House (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader). Of the additional members—

''(A) 2 shall be appointed for a term of 1 year;

''(B) 1 shall be appointed for a term of 2 years; and

''(C) 1 shall be appointed for a term of 3 years.'';

(B) by striking ''Six members'' in paragraph (4) and inserting ''Eight members''; and

(C) by adding at the end the following new paragraph:

''(6) No officer or full-time employee of the United States shall serve as members of the Advisory Committee.'';

(5) by striking subsection (g) and inserting the following:

''(g) COMPENSATION AND EXPENSES.—Members of the Advisory Committee may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.'';

(6) in subsection (h)(1), by striking ''may be necessary by the Chairman without regard to'' and inserting ''may be deemed necessary by the Chairman without regard to personnel ceilings or'';

(7) in subsection (i), by striking ''$750,000'' and inserting ''$850,000'';

(8) by striking subsection (j) and inserting the following:

''(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

''(1) monitor and evaluate the modernization of student financial aid systems and delivery processes;

''(2) monitor and evaluate the implementation of a performance-based organization within the Department of Education and report to Congress, on not less than an annual basis, including recommendations for improvements; and

''(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students.'';

(9) in subsection (k), by striking ''1998'' and inserting ''2004''; and

(10) by striking subsection (l).

SEC. 474. MEETINGS AND NEGOTIATED RULEMAKING.

Section 492 (20 U.S.C. 1098a) is amended to read as follows:

''SEC. 492. NEGOTIATED RULEMAKING.

''(a) IN GENERAL.—

''(1) REGULATION DEVELOPMENT.—In developing regulations and revisions thereof under this title, the Secretary shall obtain the advice and recommendations of individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

''(2) INPUT.—Such advice and recommendations may be obtained through such mechanisms as national meetings and electronic exchanges of information.

''(b) PROPOSED REGULATIONS.—After obtaining such advice and recommendations, and prior to publishing any proposed regulations and revisions thereof under this title in the Federal Register, the Secretary shall prepare draft regulations and submit such regulations to a negotiated rulemaking process. In establishing the negotiated rulemaking process under this section, the Secretary shall—

''(1) follow the procedural requirements used in implementing section 1601(b) of the Elementary and Secondary Education Act of 1965;

''(2) select participants in the negotiations process from individuals and groups participating in the exchanges described in subsection (a)(1), including both representatives of such groups from the District of Columbia, and industry participants, and to the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets;

''(3) conduct the negotiations process in a timely manner in order that final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act, and any subsequent revisions to regulations under this title may be issued in accordance with the master calendar provisions of section 482 of this title; and

''(4) prepare a transcript of the negotiated rulemaking proceedings that shall be available to the public prior to the issuance of any final regulations.

''(c) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall not apply to activities carried out under this section.''.

PART H—PROGRAM INTEGRITY

SEC. 476. STATE POSTSECONDARY REVIEW PROGRAM.

(a) AMENDMENTS.—Part H of title IV is amended—

(1) in the heading of the part, by striking ''**TRIAD**'';

(2) by striking subpart 1 (20 U.S.C. 1099a through 1099a–3); and

(3) by redesignating subparts 2 and 3 as subparts 1 and 2, respectively.

(b) CONFORMING AMENDMENTS.—Section 496 (20 U.S.C. 1099b) is amended by striking ''subpart 3'' each place it appears in subsections (j) and (k) and inserting ''subpart 2''.

SEC. 477. ACCREDITING AGENCY RECOGNITION.

(a) RECOGNITION.—

(1) The heading of subpart 1 of part H (as redesignated by section 476(a)(3)) is amended by striking ''**APPROVAL**'' and inserting ''**RECOGNITION**''.

(2) The heading of section 496 is amended by striking ''**APPROVAL**'' and inserting ''**RECOGNITION**''.

(b) STANDARDS.—Section 496(a) is amended—

(1) by striking ''STANDARDS'' and inserting ''CRITERIA'';

(2) by striking ''standards'' each place it appears and inserting ''criteria'';

(3) in paragraph (5)—

(A) by striking ''of accreditation'' and inserting ''for accreditation'';

(B) by inserting ''the quality (including the quality of distance learning programs or courses) of'' before ''the institution's'';

(C) in subparagraph (G), by striking ''program length and tuition and fees in relation to the subject matters taught'' and inserting ''measures of program length'';

(D) by striking subparagraph (J);

(E) in subparagraph (L), by inserting ''the most recent student loan default rate data provided by the Secretary and'' after ''including'';

(F) by striking ''and'' at the end of subparagraph (K);

(G) by inserting ''and'' after the semicolon at the end of subparagraph (L);

(H) by redesignating subparagraphs (K) and (L) as subparagraphs (J) and (K), respectively;

(I) by inserting after subparagraph (K) (as so redesignated) the following new subparagraph:

''(L) refund policy;''; and

(J) by striking ''(J), and (L)'' and inserting ''(K) and (L)'';

(4) in paragraph (7), by striking ''State postsecondary review entity'' and inserting ''State licensing or authorizing agency''; and

(5) in paragraph (8), by striking ''State postsecondary'' and everything that follows through ''is located'' and inserting ''State licensing or authorizing agency''.

(c) OPERATING PROCEDURES.—Section 496(c) is amended—

(1) by striking ''approved by the Secretary'' and inserting ''recognized by the Secretary'';

(2) in paragraph (1), by striking ''(at least'' and everything that follows through ''unannounced),'' and inserting ''(which may include unannounced site visits)''; and

(3) in paragraph (3), by inserting before the semicolon at the end the following: '', except

that new sites offered through telecommunications for programs previously included in the scope of accreditation approval need not be subject to such on-site visits''.

(d) CONFORMING AMENDMENTS.—Section 496 is further amended—

(1) in subsection (d)—

(A) by striking ''APPROVAL'' in the heading of such subsection and inserting ''RECOGNITION''; and

(B) by striking ''approved'' and inserting ''recognized'';

(2) in subsection (f), by striking ''approved'' and inserting ''recognized'';

(3) in subsection (g)—

(A) by striking ''STANDARDS'' and inserting ''CRITERIA''; and

(B) by striking ''standards'' and inserting ''criteria'';

(4) in subsection (k)(2), by striking ''standards'' and inserting ''criteria'';

(5) in subsection (l)—

(A) by striking ''APPROVAL'' in the heading of such subsection and inserting ''RECOGNITION'';

(B) by striking ''the standards'' each place it appears and inserting ''its standards''; and

(C) by striking ''approval'' and inserting ''recognition''; and

(6) in subsection (n)—

(A) by striking ''standards'' each place it appears and inserting ''criteria'';

(B) in paragraph (3)—

(i) by striking ''approval or disapproval'' and inserting ''recognition or denial of recognition''; and

(ii) by striking ''approval process'' and inserting ''recognition process''; and

(C) by striking paragraph (4) and inserting the following:

''(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process, and, if the Secretary does not recognize any accreditation agency or association, shall make publicly available the reason for denying recognition, including reference to the specific criteria under this section which have not been fulfilled.''.

SEC. 478. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) SINGLE APPLICATION FORM.—Section 498(b)(1) (20 U.S.C. 1099c(b)(1)) is amended by striking ''accreditation, and capability'' and inserting ''accreditation, financial responsibility, and administrative capacity''.

(b) FINANCIAL RESPONSIBILITY STANDARDS.—Section 498(c) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking ''is able'' and inserting ''has sufficient resources to ensure against the precipitous closure of the institution and is able'';

(2) in paragraph (2)—

(A) in the first sentence, by striking ''operating losses, net worth, asset-to-liabilities ratios, or operating fund deficits'' and inserting ''to ratios that demonstrate financial responsibility,'';

(B) in the second sentence, by inserting '', public,'' after ''for profit''; and

(C) by inserting before the period at the end the following: '', and develop an appropriate and cost effective process under this subpart that does not duplicate other reporting requirements for assessing and reviewing financial responsibility''; and

(3) in paragraph (4)—

(A) in the first sentence, by striking ''ratio of current assets to current liabilities'' and inserting ''criteria''; and

(B) in subparagraph (C), by striking ''current operating ratio requirement'' and inserting ''criteria imposed by the Secretary pursuant to paragraph (2)''.

(c) ADMINISTRATIVE CAPACITY.—Section 498(d)(1) is amended—

(1) in subparagraph (A), by striking ''student aid programs; and'' and inserting ''student financial assistance under this title;'';

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

''(B) written procedures for, or written information relating to, each office with respect to, the approval, disbursement, and delivery of student financial assistance under this title;

''(C)(i) a division of functions for authorizing payments of student financial assistance under this title and the disbursement or delivery of such assistance, so that no office at the institution has responsibility for both functions; and

''(ii) an adequate system of checks and balances for internal control at the institution with respect to student financial assistance under this title; and''.

(d) ACTIONS ON APPLICATIONS.—Section 498(f) is amended—

(1) by striking ''shall conduct'' and inserting ''may conduct'';

(2) by striking ''may establish'' and inserting ''shall establish'';

(3) by striking ''may coordinate'' and inserting ''shall, to the extent practicable, coordinate''; and

(4) by adding at the end the following new sentence: ''The Secretary may exempt from the site visit requirement any institution that is participating in the Quality Assurance Program established under section 487A at the time such site visit would be required under this subsection.''.

(e) TIME LIMITATIONS.—Section 498(g) is amended to read as follows:

''(g) TIME LIMITATIONS.—(1) After the expiration of the certification of any institution or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

''(2) The Secretary shall notify each institution of the expiration of its eligibility no later than six months prior to such expiration.''.

(f) CONFORMING AMENDMENT.—Section 498(h)(2) is amended by striking ''approval'' and inserting ''recognition''.

(g) PROVISIONAL CERTIFICATION.—Section 498(i) is amended by adding at the end the following new paragraph:

''(4)(A) The Secretary may provisionally certify an institution seeking approval of a change in ownership based on the preliminary review by the Secretary of a materially complete application that is received by the Secretary within 10 business days of the transaction for which the approval is sought.

''(B) A provisional certification under this paragraph shall expire no later than the end of the month following the month in which the transaction occurred, except that if the Secretary has not issued a decision on the application for the change of ownership within that period, the Secretary may continue such provisional certification on a month-to-month basis until such decision has been issued.''.

SEC. 479. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—Section 498A(a) (20 U.S.C. 1099c–1(a)) is amended—

(1) in paragraph (2)—

(A) by striking ''may give'' and inserting ''shall give'';

(B) by inserting before the semicolon at the end of subparagraph (C) the following: '', that are not accounted for by changes in those programs'';

(C) in subparagraph (D), by striking ''the appropriate'' and everything that follows through ''of this part'' and inserting ''the State licensing or authorizing agency'';

(D) by striking subparagraph (F); and

(E) by redesignating subparagraph (G) as subparagraph (F); and

(2) in paragraph (3)(A), by inserting ''relevant'' after ''all''.

(b) SPECIAL ADMINISTRATIVE RULES.—Section 498A(b) is amended to read as follows:

''(b) SPECIAL ADMINISTRATIVE RULES.—(1) In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall—

''(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions; and

''(B) inform the appropriate State agency and accrediting agency or association whenever taking action against an institution under this section, section 498, or section 432.

''(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations. In conducting such review, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.''.

The CHAIRMAN. Are there amendments to title IV?

AMENDMENT NO. 53 OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 53 offered by Mr. PETRI:

Page 192, after line 10, insert the following new section (and conform the table of contents accordingly):

SEC. 430. MARKET-BASED DETERMINATIONS OF INTEREST SUBSIDIES.

(a) AMENDMENT.—Section 438 (20 U.S.C. 1087-1) is amended by adding at the end the following new subsection:

''(g) MARKET-BASED DETERMINATIONS OF INTEREST SUBSIDIES.—

''(1) APPLICABILITY.—Notwithstanding the preceding provisions of this section, no special allowance or other payment shall be paid under this section with respect to any loan disbursed on or after July 1, 1999, except as provided pursuant to this subsection.

''(2) USE OF AUCTIONS TO APPORTION LENDING AUTHORITY.—

''(A) AUCTIONS REQUIRED.—The Secretary shall conduct an auction in accordance with paragraph (3) to allocate the authority to make loans under this part among eligible lenders for any academic year. The Secretary shall estimate the amount of lending authority that will be required by eligible students for such an academic year, and shall by auction allocate such amount, plus a reasonable margin for unexpected loan demand.

''(B) LENDING AUTHORITY REQUIRED.—A lender may not make a loan under this part that is disbursed on or after July 1, 1999, except pursuant to an allocation of lending authority pursuant to this paragraph.

''(C) TRANSFERABILITY OF LENDING AUTHORITY.—An eligible lender may transfer any lending authority acquired pursuant to this subsection to another eligible lender upon such terms as may be agreed upon between such lenders, except that the acquiring lender may not extend loans pursuant to such authority except after notice to the Secretary in such form and manner as the Secretary may require by regulation.

''(D) EXERCISE OF LENDING AUTHORITY.—The Secretary shall, by regulation, provide for verification that a lender is not making loans under this part in excess of the amounts of lending authority obtained in accordance with this paragraph. Such regulations shall provide that any lender who acquires, directly or pursuant to subparagraph (C), lending authority that was obtained at auction pursuant to two or more bids of different amounts shall be deemed to exercise such authority in descending order based on the amounts of such bids.

''(3) CONDUCT OF AUCTION.—

''(A) IN GENERAL.—The Secretary shall allocate the amount of lending authority determined under paragraph (2)(A) among eligible lenders submitting bids in descending order by the unit price bid, but permitting each bidding lender to acquire such authority at the unit price bid by the next lower ranking bid, except that the Secretary may establish by regulation a different procedure for the conduct of the auction if the Secretary determines that such procedure will secure more receipts for the United States. The Secretary shall not permit any lender to acquire more than one-third of the amount of the lending authority offered at any auction conducted under this subsection, but a lender shall not be prohibited from acquiring more than such amount pursuant to paragraph (2)(C).

''(B) BIDS GREATER THAN ZERO.—Any lender whose bid is accepted pursuant to subparagraph (A) shall, if such bid is made at a unit price exceeding zero, promptly pay to the Secretary an amount equal to (i) the unit price, multiplied by (ii) the amount of lending authority allocated to such lender. A lender making such a payment shall have no claim to a refund or remuneration based on the lender making loans in an amount that is less than the amount of lending authority obtained.

''(C) BIDS LESS THAN ZERO.—The Secretary shall pay to any lender whose bid is accepted pursuant to subparagraph (A), if such bid is made at a unit price that is less than zero, an amount equal to—

''(i) the amount by which the unit price is less than zero, multiplied by

''(ii) the amount of lending authority that the lender demonstrates, in accordance with regulations prescribed by the Secretary, has exercised by making and disbursing loans under this part.

''(D) CONTRACTUAL RIGHT OF HOLDERS TO SPECIAL ALLOWANCE.—Any lender whose bid is accepted pursuant to subparagraph (A), if such bid is made at a unit price that is less than zero, shall be deemed to have a contractual right against the United States, to receive the payment required by subparagraph (C). Such payment shall be made promptly and without administrative delay after receipt of an accurate and complete request for payment, pursuant to procedures established by regulations promulgated under this subsection.

''(E) PENALTY FOR LATE PAYMENT.—If a payment required by subparagraphs (C) and (D) has not been made within 30 days after the Secretary has received an accurate, timely, and complete request for payment thereof, the amount payable to such lender shall be increased by an amount equal to the daily interest accruing on the payments due the lender. For such purpose, the daily interest shall be the daily equivalent of the applicable rate of interest determined under section 427A(a)(1).

''(4) MEASURES TO FACILITATE EXERCISE OF LENDING AUTHORITY.—

''(A) INFORMATION.—The Secretary shall provide for the establishment of facilities for the communication of information that permits eligible borrowers to be informed of the identity of, and means to contact, lenders holding unexercised lending authority pursuant to this subsection.

''(B) COORDINATION.—The Secretary shall, by regulation, coordinate the availability of loans pursuant to section 428(j) to the extent necessary—

''(i) to permit lenders to exercise the lending authority secured pursuant to this subsection; and

''(ii) to ensure that eligible borrowers obtain loans under this part.

''(5) AUTHORITY TO PREPARE FOR PROGRAM.—Notwithstanding paragraph (1), the Secretary may, before July 1, 1999—

''(A) prescribe regulations to carry out this subsection; and

''(B) expend funds appropriated pursuant to this part to carry out activities necessary to the implementation of the programs authorized by this subsection.''.

(b) CONFORMING AMENDMENT.—Section 428(j)(1) (20 U.S.C. 1078(j)(1)) is amended by adding at the end the following new sentence: ''The availability of loans under this subsection shall be coordinated in accordance with regulations prescribed by the Secretary under section 438(g)(5).''.

Mr. PETRI. Mr. Chairman, this amendment which I am offering along with the gentleman from New Jersey (Mr. ANDREWS) would institute an auction process to allocate to private lenders the rights to make federally-guaranteed student loans.

Under our amendment, private lenders would submit bids to the Secretary in a yearly auction somewhat similar to the auctions of Treasury securities. In this way, a market mechanism would be used to determine the payments required by banks to provide the Nation's students with loans at reasonable interest rates.

The amendment would end the recurring battle between student groups and lenders over the industry on student loans, which results in the price of private sector services being set by political negotiation without regard to the actual cost of the services.

The amendment also has the potential to save the American taxpayers billions of dollars through competition for this profitable business. Up to now, with the exceptions of in-school interest and the overall interest cap, the banks have always received the same interest the students paid on student loans.

This bill breaks that link for the first time. Under this bill, the banks will receive one-half percent more interest than the borrowers pay, with the American taxpayers picking up the difference on every loan for as long as it is outstanding. That will be an administrative monster as well as a drain on the Treasury.

Our amendment would keep the students' interest rates the same as they are in the bill. However, the banks, depending on whether winning bids were positive or negative, would either make a one-time payment for the right to make blocks of loans on those terms or would receive a one-time payment from the government to make it worth their while to make these loans.

□ 2145

In either case, the process would be simpler and use a market-based price discovery mechanism.

If the banks are right that these loans are unprofitable even under the terms provided by the bill, this process provides them an opportunity to get better terms. I personally do not believe for a minute that that would happen, however. I am convinced that the competition produced by this approach will drive down by a substantial amount the cost of these loans to the U.S. Government.

I urge all my colleagues to support this amendment.

Mr. MCKEON. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from California.

Mr. MCKEON. Mr. Chairman, I know the gentleman from Wisconsin has worked very hard for many years in efforts to improve the student loan program. I commend him for his effort on his amendment. In fact, I agree with its general thrust.

The gentleman is correct that up to now we have tried to figure out how much to pay the lenders for providing student loans in a political negotiation and we in Congress really have no way of knowing what the right price is. It would be much better if we had market process to determine that.

I am interested in working in that direction. That is why we have a provision in the bill to study this whole issue. In fact, I understand there also is interest in this subject in the other body, and it could even come up in the conference on this bill.

However, I believe that the gentleman's amendment is simply too much, too fast. It was not offered in committee, and we simply are not ready at this point to adopt one particular full-blown market process from among the many alternatives in the manner the gentleman's amendment provides.

Therefore, I would urge the gentleman to withdraw his amendment, and I will be happy to work with him to move toward incorporating a market mechanism in this program in the future.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, I share the views of the chairman, the gentleman from California (Mr. MCKEON). I would be very happy to work with the gentleman to see if we can resolve this in conference, and if the gentleman would withdraw, the three of us could work together to see if we can resolve this.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from New Jersey.

Mr. ANDREWS. Mr. Chairman, I thank the gentleman; and I was proud to coauthor this amendment with my friend from Wisconsin, who I would like to acknowledge as, I think, the most knowledgeable person in the House on the issue of student loans.

I am also pleased that the subcommittee chairman and the ranking member have agreed they will continue to discuss with us and negotiate with us this issue beyond conference and up through conference. I happen to think that the debate of the last number of months proves the validity of the underlying idea here.

Some of us believe that the subsidy of the guaranteed student loan program is too high. Others believe it is too low. I think that what this amendment says is that it is not a judgment that we should make in this body as to whether the subsidy rate is too high or too low. Instead, we should turn to the marketplace and let interested lenders step forward and bid for the right to receive these government guaranteed franchises.

This is not a new idea. It is an idea that, frankly, works in the FHA mortgage context in much larger quantities of dollars with great success.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. PETRI) has expired.

(On request of Mr. ANDREWS, and by unanimous consent, Mr. PETRI was allowed to proceed for 1 additional minute.)

Mr. ANDREWS. If the gentleman will continue to yield, Mr. Chairman, I would like to commend my coauthor of this amendment. I also commend the subcommittee chairman and ranking member for their willingness to work together with us on this.

I believe that the right answer to this conundrum, as to whether it is too much or too little, is to turn to the marketplace and let the marketplace answer that question for us.

Mr. PETRI. Reclaiming my time, Mr. Chairman, I thank my colleague. And in light of the interest from Senator KENNEDY and others in the other body, and in light of the interest on both sides of the aisle in this body in pursuing this approach and the study that is in the bill.

Mr. Chairman, I would ask unanimous consent to withdraw my amendment at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Are there further amendments to title IV?

AMENDMENT NO. 54 OFFERED BY MR. ROEMER

Mr. ROEMER. Mr. Chairman, I offer Amendment No. 54.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 54 offered by Mr. ROEMER:

Page 172, after line 22, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) ADDITIONAL ANNUAL LOAN LIMIT FLEXIBILITY.

(1) IN GENERAL.—Section 428H(d)(2) is amended—

(A) by striking subparagraph (C); and

(B) by inserting after subparagraph (B) the following new subparagraphs:

''(C) notwithstanding subparagraph (A) and (B), in the case of such a student who is pursuing a program of study at an eligible institution leading to the baccalaureate degree—

''(i) $7,200 if such student is enrolled in a program whose length is at least 1 academic year (as determined under section 481);

''(ii) $4,500 if such student is enrolled in a program whose length is less than 1 academic year, but at least ⅔ of such an academic year; and

''(iii) $2,700 if such student is enrolled in a program whose length is less than ⅔, but at least ⅓, of such an academic year;

''(D) in the case of such a student who is a graduate or professional student enrolled at an eligible institution, an amount not to exceed the student's estimated cost of attendance (as determined under section 472), less the sum of—

''(i) any loan for which the student is eligible under section 428; and

''(ii) an estimate of any financial assistance reasonably available to such student.''.

(2) DEPENDENT STUDENTS AMENDMENT.—Section 428H(d) is amended—

(A) by redesignating paragraph (3) as paragraph (4); and

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

''(3) ANNUAL LIMITS FOR DEPENDENT STUDENTS.—Notwithstanding paragraph (2), in the case of a dependent student who is enrolled in a program leading to the baccalaureate degree whose length is at least 1 academic year (as determined under section 481), the maximum annual amount of loans under this section such a student may borrow in any academic year or its equivalent or in any period of 7 consecutive months, whichever is longer, shall be the amount determined under paragraph (1) plus $1,500.''

Mr. ROEMER. Mr. Chairman, as we moved into hearings on this very important bipartisan higher education bill, what we heard both in Washington, D.C., and in field hearings in Indiana and across the country was the resounding call for more flexibility, not more mandates upon our institutions of higher education, and trying to do things to reduce the cost and the debt to students as they come out of college.

This amendment, the loan flexibility amendment, achieves both of those objectives. It tries to provide more flexibility to our schools and to our students. It also enhances the ability to combine the loan programs and give the students a reduced rate. This amendment would retain the aggregate loan limits while giving students greater borrowing flexibility under the Federal student loan programs.

In the subsidized loan program, student lending has both aggregate and annual loan limits. The annual loan limit forces many students into the more expensive private loan market. This amendment would apply only to unsubsidized loans for students at 4 year degree granting institutions and would not change the total amount students may borrow in the Federal programs under current law. Therefore, students will not be incurring additional debt.

We have tried to work an agreement out with the Democrat and Republican side on this amendment from the full committee.

This amendment would retain the aggregate loan limits, while giving students greater borrowing flexibility under the federal student loan programs.

In the subsidized loan program, student lending has both aggregate and annual loan limits. The annual loan limits force many students into the more expensive private loan market.

This amendment would apply only to unsubsidized loans for students at four-year, degree-granting institutions, and would not change the total amount students may borrow in the federal programs under current law—therefore, students will not be incurring additional debt.

The amendment has three parts, which apply respectively to dependent undergraduate students, independent undergraduates, and graduate students.

Dependent Undergraduates—Currently dependent undergraduates may borrow unsubsidized loans only under limited circumstances, forcing them into private loan programs with uncapped interest rates. This amendment would permit full-time dependent undergraduates to borrow up to $1500 a year in unsubsidized loans in addition to the subsidized loans they may borrow under current law—but the combined total of subsidized and unsubsidized borrowing could not exceed the existing undergraduate maximum of $2300.

Independent Undergraduates—Currently independent undergraduates are limited to $4000 in unsubsidized maximums for their freshman and sophomore years, and $5000 for their junior and senior years, forcing them into private loan programs to make up the difference. Independent undergraduates would be permitted to borrow up to $7200 per year in unsubsidized loans, which again keeps total borrowing under the existing cumulative limits.

Graduate Students—Under current law, graduate students may borrow $8500 in subsidized loans and $10,000 in unsubsidized loans per year, meaning that amounts over those limits must be borrowed from private programs. Graduate students would be permitted to borrow unsubsidized loans up to the cost of attendance minus subsidized loans and other aid, provided that there is no change to the cumulative amounts graduate students are permitted to borrow under current law.

Mr. GOODLING. Mr. Chairman, I move to strike the last word.

We are willing to accept the amendment with the understanding that we will have a rollcall vote on it; and so if we find out tomorrow that it does cost money, then, of course, we would have to have that vote. But we would accept it tonight with the understanding that I will call for a rollcall vote.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Indiana.

Mr. ROEMER. Mr. Chairman, I wish to, first of all, I want to compliment the chairman on his willingness when I offered this amendment in committee to continue to work with me and my staff to try to perfect this amendment, to make sure that we attain the goals of flexibility and reduce costs to the students and, therefore, reduced debt to the students. We have worked with the gentleman, and I want to compliment the gentleman and his staff for working through those issues.

We are hopeful that this will not be costed by CBO. We are also hopeful that we will not have a vote on this and that the gentleman will accept it and that we may not have a rollcall vote.

We also would prefer, if we could, in the morning, once we get CBO to score

it, if in fact there is a way that we can continue to have the gentleman support this amendment and further perfect it in conference, we would maintain that flexibility as well.

Mr. GOODLING. Mr. Chairman, reclaiming my time, we would be happy to continue to work as we go into conference. It is just, I think, necessary to say that we would have a rollcall vote even though we would accept it, to see whether or not there is a cost involved.

Mr. ROEMER. Mr. Chairman, if the gentleman will continue to yield, we would be happy to work with the chairman. We appreciate all his expertise and help up to this point, and I am happy with the Chairman's acceptance of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. ROEMER).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. GOODLING. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 411, further proceedings on the amendment offered by the gentleman from Indiana (Mr. ROEMER) will be postponed.

Are there further amendments to title IV?

AMENDMENT NO. 33, AS MODIFIED, OFFERED BY MRS. KELLY

Mrs. KELLY. Mr. Chairman, I offer Amendment No. 33, and I ask unanimous consent that the amendment I have submitted at the desk be considered as a substitute to the amendment I had preprinted in the Congressional RECORD.

The text of Amendment No. 33 is as follows:

Page 128, line 12, strike the close quotation marks and following period and after such line insert the following new chapter:

"CHAPTER 6—PUBLIC SAFETY OFFICER MEMORIAL SCHOLARSHIPS.

"SEC. 411A. SCHOLARSHIPS AUTHORIZED.

''(a) IN GENERAL.—

''(1) SCHOLARSHIP AWARDS.—The Secretary is authorized to award a scholarship to any eligible applicant who is enrolled, or has been accepted for enrollment, in an eligible institution as a full-time or part-time postsecondary level student.

''(2) APPLICATION.—To receive a scholarship award under this chapter, each eligible applicant shall submit an application to the Secretary in such time and manner as may be determined appropriate by the Secretary, accompanied by a certification from the head of the agency that employed the public safety officer to whom the applicant was married (in the case of a surviving spouse), or with whom the applicant was living or from whom the applicant was receiving support contributions (in the case of a dependent child), stating that such officer died as a result of the performance of the officer's official duties.

''(b) MAXIMUM AWARD.—For any academic year, the maximum amount of a scholarship award under this section for a postsecondary student may equal, but not exceed, the lesser of the following:

''(1) The average cost of attendance (as defined in section 472), at a State university in the State in which the student resides, for a State resident carrying the same academic workload as the student, with the same number of dependents as the student, and residing in the same type of housing as the student.

''(2) The actual cost of attendance (as defined in section 472) of such student.

''(c) AWARD PERIOD.—The duration of each award under this chapter for a postsecondary student, shall be the lesser of—

''(1) the time actually required by the student to complete a course of study and obtain a diploma; and

''(2) 6 years in the case of a student engaged in undergraduate studies and 3 years in the case of a student engaged in postgraduate studies.

''(d) NOTIFICATION.—The Secretary shall notify the recipient and the eligible institution of the applicant's selection for receipt of an award under this chapter, the conditions pertaining to award eligibility and continuance.

''(e) FISCAL AGENT.—The Secretary shall, if practicable, use the eligible institution as fiscal agent for payment of an award.

"SEC. 411B. ADDITIONAL AWARD REQUIREMENTS.

''A student awarded a scholarship grant under this chapter, as a condition for initial receipt of such award and periodically thereafter as a condition for its continuation, shall demonstrate to the satisfaction of the Secretary that the student is—

''(1) maintaining satisfactory progress in the course of study the student is pursuing consistent with section 484(c);

''(2) committed to remaining drug-free; and

''(3) attending class on a regular basis as to not interfere with normal course of studies except for excused absence for vacation, illness, military service and such other periods deemed good cause by the eligible institution or the Secretary.

"SEC. 411C. AGREEMENTS WITH ELIGIBLE INSTITUTIONS.

''For the purposes of this chapter, the Secretary is authorized to enter into agreements with eligible institutions in which any student receiving a scholarship award under this chapter has enrolled or has been accepted for enrollment. Each such agreement shall—

''(1) provide that an eligible institution will cooperate with the Secretary in carrying out the provisions of this chapter, including the provision of information necessary for a student to satisfy the requirements in section 411B;

''(2) provide that the institution will conduct a periodic review to determine whether students enrolled and receiving scholarship awards continue to be entitled to payments under this chapter and will notify the Secretary of the results of such reviews; and

''(3) provide for control and accounting procedures as may be necessary to assure proper disbursements and accounting of funds paid under to the institution under section 411A(e).

"SEC. 411D. DEFINITIONS.

''In this chapter:

''(1) DEPENDENT CHILD.—The term 'dependent child' means a child who is either living with or receiving regular support contributions from a public safety officer at the time of the officer's death, including a stepchild or an adopted child.

''(2) ELIGIBLE APPLICANT.—The term 'eligible applicant' means a person residing in a State who is—

''(A) a surviving spouse; or

''(B) a dependent child.

''(3) ELIGIBLE INSTITUTION.—The term 'eligible institution' means an eligible institution as defined in section 435(a) that—

''(A) is located in a State; and

''(B) complies with the antidiscrimination provisions of section 601 of the Civil Rights Act of 1964 and does not discriminate on the basis of race.

''(4) PUBLIC SAFETY OFFICER.—The term 'public safety officer' means a person serving a public agency of a State or of a unit of general local government, with or without compensation, as—

''(A) a law enforcement officer, including a corrections or a court officer engaged in—

''(i) apprehending or attempting to apprehend of any person—

''(I) for the commission of a criminal act; or

''(II) who at the time was sought as a material witness in a criminal proceeding; or

''(ii) protecting or guarding a person held for the commission of a criminal act, or held as a material witness in connection with a criminal act; or

''(iii) lawfully preventing of, or lawfully attempting to prevent the commission of, a criminal act or an apparent criminal act in the performance of his official duty; or

''(B) a firefighter.

''(5) SURVIVING SPOUSE.—The term 'surviving spouse' means the legally married husband or wife of a public safety officer at the time of the officer's death.

''(6) UNIT OF GENERAL LOCAL GOVERNMENT.—The term 'unit of general local government' means any city, county, township, town, borough, parish, village, or any other general purpose subdivision of a State, or any Indian tribe which the Secretary of the Interior determines performs law enforcement functions.''

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Amendment No. 33, as modified, offered by Mrs. KELLY:

Page 128, line 12, strike the close quotation marks and following period and after such line insert the following new chapter:

"CHAPTER 6—PUBLIC SAFETY OFFICER MEMORIAL SCHOLARSHIPS.

"SEC. 411A.. SCHOLARSHIPS AUTHORIZED.

''(a) IN GENERAL.—

''(1) SCHOLARSHIP AWARDS.—The Secretary is authorized to award a scholarship to any eligible applicant who is enrolled, or has been accepted for enrollment, in an eligible institution as a full-time or part-time postsecondary level student.

''(2) APPLICATION.—To receive a scholarship award under this chapter, each eligible applicant shall submit an application to the Secretary in such time and manner as may be determined appropriate by the Secretary—

''(A) accompanied by a certification from the head of the agency that employed the public safety officer to whom the applicant was married (in the case of a surviving spouse), or with whom the applicant was living or from whom the applicant was receiving support contributions (in the case of a dependent child), stating that such officer died as a result of the performance of the officer's official duties; and

''(B) demonstrating the applicant's need for financial aid under part F of this title, determined without regard to any assets derived from death benefits for such officer, to pursue a program of postsecondary education.

''(b) MAXIMUM AWARD.—For any academic year, the maximum amount of a scholarship award under this section for a postsecondary student may equal, but not exceed, the lesser of the following:

''(1) The average cost of attendance (as defined in section 472), at a State university in the State in which the student resides, for a State resident carrying the same academic

workload as the student, with the same number of dependents as the student, and residing in the same type of housing as the student.

''(2) The actual cost of attendance (as defined in section 472) of such student.

''(c) AWARD PERIOD.—The duration of each award under this chapter for a postsecondary student, shall be the lesser of—

''(1) the time actually required by the student to complete a course of study and obtain a diploma; and

''(2) 6 years in the case of a student engaged in undergraduate studies and 3 years in the case of a student engaged in postgraduate studies.

''(d) NOTIFICATION.—The Secretary shall notify the recipient and the eligible institution of the applicant's selection for receipt of an award under this chapter, the conditions pertaining to award eligibility and continuance.

''(e) FISCAL AGENT.—The Secretary shall, if practicable, use the eligible institution as fiscal agent for payment of an award.

''SEC. 411B. ADDITIONAL AWARD REQUIREMENTS.

''A student awarded a scholarship grant under this chapter, as a condition for initial receipt of such award and periodically thereafter as a condition for its continuation, shall demonstrate to the satisfaction of the Secretary that the student is—

''(1) maintaining satisfactory progress in the course of study the student is pursuing consistent with section 484(c);

''(2) committed to remaining drug-free; and

''(3) attending class on a regular basis as to not interfere with normal course of studies except for excused absence for vacation, illness, military service and such other periods deemed good cause by the eligible institution or the Secretary.

''SEC. 411C. AGREEMENTS WITH ELIGIBLE INSTITUTIONS.

''For the purposes of this chapter, the Secretary is authorized to enter into agreements with eligible institutions in which any student receiving a scholarship award under this chapter has enrolled or has been accepted for enrollment. Each such agreement shall—

''(1) provide that an eligible institution will cooperate with the Secretary in carrying out the provisions of this chapter, including the provision of information necessary for a student to satisfy the requirements in section 411B;

''(2) provide that the institution will conduct a periodic review to determine whether students enrolled and receiving scholarship awards continue to be entitled to payments under this chapter and will notify the Secretary of the results of such reviews; and

''(3) provide for control and accounting procedures as may be necessary to assure proper disbursements and accounting of funds paid under to the institution under section 411A(e).

''SEC. 411D. DEFINITIONS.

''In this chapter:

''(1) DEPENDENT CHILD.—The term 'dependent child'' means a child who is either living with or receiving regular support contributions from a public safety officer at the time of the officer's death, including a stepchild or an adopted child.

''(2) ELIGIBLE APPLICANT.—The term 'eligible applicant'' means a person residing in a State who is—

''(A) a surviving spouse; or

''(B) a dependent child.

''(3) ELIGIBLE INSTITUTION.—The term 'eligible institution' means an eligible institution as defined in section 435(a) that—

''(A) is located in a State; and

''(B) complies with the antidiscrimination provisions of section 601 of the Civil Rights Act of 1964 and does not discriminate on the basis of race.

''(4) PUBLIC SAFETY OFFICER.—The term 'public safety officer'' means a person serving a public agency of a State or of a unit of general local government, with or without compensation, as—

''(A) a law enforcement officer, including a corrections or a court officer engaged in—

''(i) apprehending or attempting to apprehend of any person—

''(I) for the commission of a criminal act; or

''(II) who at the time was sought as a material witness in a criminal proceeding; or

''(ii) protecting or guarding a person held for the commission of a criminal act, or held as a material witness in connection with a criminal act; or

''(iii) lawfully preventing of, or lawfully attempting to prevent the commission of, a criminal act or an apparent criminal act in the performance of his official duty; or

''(B) a firefighter.

''(5) SURVIVING SPOUSE.—The term 'surviving spouse'' means the legally married husband or wife of a public safety officer at the time of the officer's death.

''(6) UNIT OF GENERAL LOCAL GOVERNMENT.—The term 'unit of general local government'' means any city, county, township, town, borough, parish, village, or any other general purpose subdivision of a State, or any Indian tribe which the Secretary of the Interior determines performs law enforcement functions.''.

Mrs. KELLY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment, as modified, be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The CHAIRMAN. Is there objection to the modification offered by the gentlewoman from New York?

There was no objection.

The CHAIRMAN. The modification is accepted.

Mrs. KELLY. Mr. Chairman, I rise today to introduce an amendment that provides needed assistance to the family members of public safety officers who are killed in the line of duty.

Police officers and firefighters lay their lives on the lines on a daily basis, Mr. Chairman, and, sadly, all too often they make the ultimate sacrifice in their service of their communities.

This tragic fact was illustrated most recently in my district in New York when a volunteer firefighter, Michael Neuner, who was also a police officer, was killed last summer while fighting a fire in the town of Southeast.

This unfortunate story is repeated around the country, Mr. Chairman. These are our friends, our neighbors, our loved ones, and they leave behind families who must continue on. The death of a father or mother takes an obvious emotional toll, but it has an impact on the financial security of the family, particularly when it comes to meeting educational expenses.

Oftentimes, for the sake of putting food on the table and a roof over their family's heads, a single parent who has lost their spouse will forsake providing for their children's education for the sake of survival. We can prevent this phenomenon by passing the amendment before us today.

This amendment seeks to address this particular problem. Specifically, the bill authorizes the Secretary of Education to award education scholarships to the spouse or dependent child of a public safety officer, police, firefighter or corrections officer who is killed in the line of duty. These scholarships may be used to cover education expenses to attend a postsecondary institution as a full-time or part-time student.

This version of my amendment differs from the original preprinted version because it makes these scholarships need-based and extracts from the calculation of that need any death benefits received by the family on account of the officer's death.

The last Congress adopted similar legislation to award education assistance to family members of Federal law enforcement officers killed in the line of duty. I was pleased to support that legislation, which passed both the House and the Senate by voice votes and was signed into law by President Clinton. I am proud to introduce this amendment, which takes the next logical step and extends this benefit to the families of all public safety officers who are killed while serving their communities.

Crime is a reality in our Nation, and we should acknowledge those brave and dedicated people who devote their careers to fighting crime in our neighborhoods. Our public safety officers deserve our respect, gratitude and support. I urge my colleagues to join me in support of this important amendment.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I join the gentlewoman from New York (Mrs. KELLY) in this outstanding amendment. We have an outstanding bill here, but this amendment also makes it better.

To establish a memorial scholarship program, to assist families of State and local public safety officials, law enforcement officers and firefighters who are killed in the line of duty with educational assistance is certainly an all-American ideal and an all-American idea.

I worked with the gentlewoman from New York last year on the bill for the Federal officers along with Senator SPECTER of Pennsylvania. That was inspired, of course, by the Federal officer, Marshal Degan, who died at Ruby Ridge, as well as an officer in my district, Chuck Reed, who was the first Federal officer at the FBI ever killed out of the Philadelphia office.

The fact is, these people do put their lives on the line everyday. When they leave their family, they do not know whether they will come back. And the fact is, their families have to go on, hopefully as well as they can to try to make a whole life while knowing that their spouse has sacrificed greatly to keep our communities safe, free of

crime and also free of the fire tragedies that can occur.

□ 2200

And so, by establishing this memorial scholarship, the gentlewoman from New York (Mrs. KELLY) is leading the fight for us across America in making sure that our communities, while they remain safe, will also make sure we remember the families.

So I rise, Mr. Speaker, and other Members of the House on both sides of the aisle, this is a truly a bipartisan idea for a bipartisan bill, and I look for unanimous adoption here in the House and an eventual adoption into law.

Mr. MCKEON. Mr. Chairman, I move to strike the requisite number of words.

I want to congratulate the gentlewoman from New York (Mrs. KELLY) for her amendment. It is very commendable to want to provide assistance to the sons and daughters of public safety officers who died as a result of the performance of their official duties.

The awards made under this program will be need-based, so the money will be going to a student who has financial need as determined under the Higher Education Act. I would support this amendment.

Mr. KILDEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as one who has seen too many police and firefighters and correction officers in my own district killed in the line of duty, I commend the gentlewoman from New York (Mrs. KELLY) for her amendment. I think it is a very good amendment, and we accept it on this side.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Mrs. KELLY), as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN. Are there other amendments to title IV?

AMENDMENT NO. 11 OFFERED BY MR. ALLEN

Mr. ALLEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 11 Offered by Mr. ALLEN:

Page 267, after line 11, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(d) FINANCIAL RESPONSIBILITY FOR REFUNDS AND DURING PROVISIONAL CERTIFICATION.—

(1) AMENDMENT.—Section 498(e) is amended by adding at the end the following new paragraphs:

''(6) Notwithstanding any other provision of law, any person required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of title 26, United States Code, with respect to the nonpayment of taxes.

''(7) Notwithstanding any other provision of law, a proprietary institution of higher education, as defined in section 481(b), may be provisionally certified under subsection (h) only if it provides the Secretary with financial guarantees from one or more individuals whom the Secretary determines, in accordance with subsection (e)(2), exercise substantial control over such institution. Such financial guarantees shall be in addition to any financial guarantees otherwise required from the institution and shall be in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability to the Federal Government, student assistance recipients, and other program participants for funds under this title during the period of provisional certification.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1)—

(A) relating to responsibility for unpaid refunds, shall be effective with respect to any unpaid refunds that were first required to be paid to a lender or to the Secretary on or after 90 days after the date of enactment of this Act;

(B) relating to financial guarantees required for provisional certification, shall be effective with respect to any proprietary institution of higher education provisionally certified by the Secretary on or after the date of enactment of this Act.

Page 269, after line 4, insert the following new subsection:

(i) CHANGE IN STATUS.—

(1) AMENDMENT.—Section 498(i)(2) is amended by striking subparagraph (E) and inserting the following new subparagraph:

''(E) the change in tax filing status of an institution from for-profit to non-profit; or''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective on the date of the enactment of this Act.

MODIFICATION TO AMENDMENT NO. 11 OFFERED BY MR. ALLEN

Mr. ALLEN. Mr. Chairman, I ask unanimous consent that the amendment be modified in the form at the desk.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Amendment No. 11, as modified, offered by Mr. ALLEN:

Page 267, after line 11, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(d) FINANCIAL RESPONSIBILITY FOR REFUNDS AND DURING PROVISIONAL CERTIFICATION.—

(1) AMENDMENT.—Section 498(e) is amended by adding at the end the following new paragraph:

''(6) Notwithstanding any other provision of law, any person required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of title 26, United States Code, with respect to the nonpayment of taxes.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall be effective with respect to any unpaid refunds that were first required to be paid to a lender or to the Secretary on or after 90 days after the date of enactment of this Act.

Mr. ALLEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment, as modified, be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

The CHAIRMAN. Without objection, the modification is agreed to.

There was no objection.

The CHAIRMAN. The gentleman from Maine (Mr. ALLEN) is recognized for 5 minutes.

Mr. ALLEN. Mr. Chairman, I wanted to thank the chairman and ranking member of the subcommittee and chairman and ranking member of the full committee and say that the modified version of my amendment removes the requirement of financial guarantees from prospective owners of for-profit educational institutions during provisional certification.

The modified amendment maintains the provisions which ensure that owners of higher education institutions may be held liable for repayment of funds that taxpayers intended for eligible students.

In Maine, students and families are owed hundreds of thousands of dollars in refunds by owners of for-profit institutions which have been closed down due to mismanagement. An owner of one such institution has been able to move his business to another State and continue to draw Federal financial aid dollars.

This situation is not peculiar to Maine. Students and families all over the country are owed money by owners of schools that have failed. I have been told by the Inspector General's Office that between 85 and 95 percent of their open cases concerning for-profit institutions involve student loan refund problems.

Students should be able to attend an educational institution and trust that their tuition and financial aid dollars are being handled properly. When this is not the case, the Secretary should have the power to impose appropriate sanctions not only against the institution involved, but also against the owner of the institution.

My amendment will solidify the Secretary's power to hold the institution of a proprietary higher education institution liable for financial losses to the Federal Government and student loan recipients. Presently, the Secretary has only been able to seek recourse from institutions, not their owners; however, many such institutions are bankrupt, so no money is recovered.

My amendment provides the Secretary with a mechanism to collect the funds. It does so by holding the owner liable in the same way that an individual would be responsible for penalties for the nonpayment of taxes. Taxpayer dollars must be protected to ensure the continued availability and viability of student financial aid programs.

I urge my colleagues to accept this amendment, support this amendment.

Mr. MCKEON. Mr. Chairman, I move to strike the last word.

Again, the gentleman from Maine (Mr. ALLEN) is not a member of the committee, but has added a good, thoughtful amendment, and I would support that amendment.

Mr. ANDREWS. Mr. Chairman, I move to strike the requisite number of words.

I rise in support of the amendment of the gentleman from Maine. I would like to make a couple comments about it. First of all, I thank him for his modification. I think it is very important that we continue the custom and tradition in this bill of treating all schools on a level playing field, not singling out any category of higher education for special favored or disfavored treatment. I think the gentleman has remained consistent with that tradition by making the modification to this amendment. I appreciate that.

I would like to point out one concern that I have, for the RECORD, which I would hope that we would address at conference with the gentleman's participation, and that is clearing up any ambiguity about the definition of the word ''person'' in what is subparagraph 6 of his amendment, where it says, ''Any person required to pay, on behalf of a student or borrower, a refund shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid.''

I think it is very important that we be clear as to who the person is, for the following reasons: If the institution that is on the hook for this is a community college, let us say we want to be very clear that the comptroller of the community college will not be personally liable for this obligation unless he or she committed some kind of crime.

I am sure that is not the intent of the gentleman. The same would be true of a for-profit school if an individual is not financially involved, but the corporation for which the individual is. And I would hope that we would have the cooperation of the gentleman in resolving those matters as we proceed.

Mr. ALLEN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Chairman, I am happy to work through those issues with my colleague. It is certainly not our intent to hold the comptroller of any institution liable. We have felt that this amendment would apply only to for-profit institutions and not to any public universities or nonprofits. But if it is written in a way to apply to everyone, it should only apply to those who are owners in the sense that they own stock in the institution. That is the intention.

Mr. ANDREWS. Reclaiming my time, I again understand that this is designed to keep the same level playing field we have always had on that basis, and with that reservation, I will be happy to support the amendment of the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine (Mr. ALLEN), as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT NO. 7 OFFERED BY MR. LAZIO OF NEW YORK

Mr. LAZIO of New York. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. LAZIO of New York:

Page 192, after line 10, insert the following new section (and conform the table of contents accordingly):

SEC. 430. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

(a) PURPOSE.—It is the purpose of this section—

(1) to bring more highly trained individuals into the early child care profession; and

(2) to keep more highly trained child care providers in the early child care field for longer periods of time.

(b) LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.—Part B (20 U.S.C. 1071 et seq.) is amended by inserting after section 428J (as added by section 432) (20 U.S.C. 1078–10) the following:

''SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

''(a) DEFINITIONS.—In this section:

''(1) CHILD CARE FACILITY.—The term 'child care facility' means a facility, including a home, that—

''(A) provides child care services; and

''(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

''(2) CHILD CARE SERVICES.—The term 'child care services' means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.

''(3) DEGREE.—The term 'degree' means an associate's or bachelor's degree awarded by an institution of higher education.

''(4) EARLY CHILDHOOD EDUCATION.—The term 'early childhood education' means education in the areas of early child education, child care, or any other educational area related to child care that the Secretary determines appropriate.

''(b) DEMONSTRATION PROGRAM.—

''(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (c), a loan made, insured or guaranteed under this part or part D (excluding loans made under sections 428B and 428C) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

''(A) completes a degree in early childhood education; and

''(B) obtains employment in a child care facility.

''(2) AWARD BASIS; PRIORITY.—

''(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

''(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

''(3) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

''(c) LOAN REPAYMENT.—

''(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

''(A) after the second year of employment described in subparagraphs (B) and (C) of subsection (b)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

''(B) after the third year of such employment, 20 percent of the total amount of all such loans; and

''(C) after each of the fourth and fifth years of such employment, 30 percent of the total amount of all such loans.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

''(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

''(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

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

''(d) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

''(e) APPLICATION FOR REPAYMENT.—

''(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in qualifying employment unless the borrower is in deferment while so engaged.

''(f) EVALUATION.—

''(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

''(2) COMPETITIVE BASIS.—The grant or contract described in subsection (a) shall be awarded on a competitive basis.

''(3) CONTENTS.—The evaluation described in this subsection shall—

''(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

''(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

''(C) identify the barriers to the effectiveness of the program;

''(D) assess the cost-effectiveness of the program in improving the quality of—

''(i) early childhood education; and

''(ii) child care services;

''(E) identify the reasons why participants in the program have chosen to take part in the program;

''(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

''(G) identify the number of years each individual participates in the program.

''(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

Mr. LAZIO of New York. Mr. Speaker, the Lazio-Gilman-Tauscher amendment will address a matter of dire importance to American families, the need for high-quality child care.

As a parent of two, I know how difficult it is to leave our children in the care of others. While most of us agree that a parent would provide the best care for a young child, many of our young families simply do not have the option of doing so. Today in America, more and more parents work outside the home. In fact, 62 percent of moms with children under 6 are in the work force. While we fight to reduce the tax burden that forces families into this economic situation, we need to assure the parents who must work that their children will be taken care of by qualified, competent individuals.

We know that parents want the best for their children. They want to know that if their children cannot be at home, they are in a healthy and nurturing environment. Today, 13 million children under the age of 6 are in child care programs. For these children the care and attention that they receive from child care staff is critical. When children have stable and caring educators, they feel secure and are ready to learn.

A study by the National Institutes of Health shows that staff-child ratio and teacher education contribute to the quality of a child care program. Children in quality facilities have fewer behavioral problems, stronger language ability, and a higher level of school readiness. Unfortunately, because of high staff turnover and low staff salary, quality is something many child care programs lack.

The NIH report shows that a low staff-child care ratio clearly benefits children. In fact, an article from Monday's New York Times highlights this very issue at a child care center in Houston. According to the article, workers at facilities with fewer adults see their role more as managing children than in interacting with them. Staff in these Houston centers do not have the time to engage the children who are playing or attend to babies unless they need immediate attention. Despite these findings, we have seen the average ratio of children to caregivers increase considerably from 6.8 to 8.5 children per worker between 1976 and 1990.

Mr. Speaker, as more parents return to work, we can expect the number of children in child care to increase. In order to provide our children with quality care, we must have more caregivers per child. Bringing more well-educated, dedicated early child care graduates into the field would help alleviate the problem.

Most students who choose a child care career want the best for children and value the care and education they can provide for each child. However, child care professionals are paid on average about $6.90 per hour and receive few, if any, benefits. For students graduating with $12,000 to $15,000 in college loans, and many more than that, there is very little incentive to stay in the profession.

As a result, Mr. Speaker, many of the country's best qualified early education graduates either do not enter or do not remain in the field. In fact, the turnover rate for child care workers is four times higher than for their counterparts in the public schools.

As large numbers of the early childhood work force consider leaving their positions, we have the opportunity to offer a modest yet meaningful incentive to the most qualified staff members who stay in the field, loan forgiveness. Our amendment would offer student loan forgiveness to individuals who earn a degree in early child education and work in a licensed child care facility, including a home-based child care center.

In order to maintain stability in the industry, my amendment would provide an incentive to enter and remain in the child care field. After the second and third year of service, a child care worker would be eligible to receive 20 percent loan forgiveness. After the fourth and fifth years, the child care provider would qualify for 30 percent loan forgiveness.

In order to ensure efficiency at the end of this 5-year demonstration program, the Secretary of Education would publish a report on the initiative. Rather than create an enormous mandatory spending program to address the need for quality child care, this amendment offers a focused, reasonable approach to resolving the problem.

By offering loan forgiveness to child care staff, we can begin to recruit and maintain a more qualified work force. An early child care work force composed of staff with specialized knowledge about young children and how they learn and grow will significantly increase the quality of care in this country. We can expect these graduates to be effective teachers who provide meaningful learning experiences during the most critical period of a child's development.

Of course, parents carry the major responsibility for their children. Part of this responsibility for parents who must work is finding dependable child care professionals to provide responsible care for their children. Without the availability of stable care, employers find that their employees are apt to miss work or in some cases leave their jobs altogether.

As we try to move forward individuals from welfare to the work force, we must provide families with the support of a highly trained and reliable child care work force.

Mr. Chairman, as long as our current economic climate forces parents to work outside the home, we must provide some assurance that their children are properly cared for by encouraging bright and qualified early child care graduates to enter and stay with the profession. This amendment will help give more families access to quality child care. I urge my colleagues to adopt it.

Mrs. TAUSCHER. Mr. Chairman, I move to strike the last word.

Mr. Speaker, I rise in support of the Lazio-Gilman-Tauscher amendment and urge my colleagues to support this important provision. This amendment is based on a measure recently introduced by the gentleman from New York (Mr. LAZIO) and was included as part the Senate-based Higher Education Act.

This amendment would authorize funding for a demonstration project that would forgive Federal student loans for individuals who have an associate or bachelor's degree in early childhood education and who work in a licensed child care facility for 5 years.

I believe it is imperative that we as a Nation do more to provide stability in the lives of our young children. Part of that stability comes from them having the same providers teaching them and taking care of them every day. However, trained individuals who want to work for child care centers often cannot enter this field because they are unable to find a job that gives them adequate financial footing to pay back their student loans.

On average, the cost of a 2-year degree at a private college is about $12,500. And, unfortunately, child care teaching staff earn on average less than $8 per hour, or only $13,000 per year, for the very valuable work that they do.

□ 2215

They earn these low wages despite the fact that they are better educated than the general population.

The average salary for child care providers in center-based care is only about $4500 higher than the Federal poverty guidelines for a single adult and is nowhere near the $16,000 per year salary which is considered to be a livable wage for a single adult.

It is no wonder, then, that 31 percent of all child care teachers leave their jobs each year for other employment. They simply cannot afford to simultaneously pay back any student loans that they may have and financially support themselves.

The Lazio-Gilman-Tauscher amendment would help lower this astronomically high attrition rate among qualified child care providers by providing loan forgiveness for student loans, thus making it financially feasible for knowledgeable providers to actually stay and work in the field for which they were trained. The language in this amendment is based on the LAZIO bill, H.R. 3727, a similar provision is in my bill, H.R. 3686, the Model States Child Care Enhancement Act which I introduced a month ago with the gentleman from Maine (Mr. ALLEN) and the gentleman from Virginia (Mr. MORAN). Although slightly different in design, the intent is the same.

We must do more to help qualified child care providers make ends meet, and we must do more to provide our kids with that level of security in their lives that they require. We must not underestimate the effect this stability has on our Nation's children.

Quality is a function of experience. Nationwide, only 32 percent of child care teachers have been employed in their centers for at least 5 years. When teachers have the dual benefit of education and experience, then we as parents can be assured that our children are receiving the highest quality in child care. Let us help those people who have made the educational commitment to caring for children stay in the field and get that valuable experience.

I am pleased to work so closely with the gentleman from New York (Mr. LAZIO) and the gentleman from New York (Mr. GILMAN) and I urge acceptance of this bipartisan, bicameral amendment.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words. I would like to thank the gentleman from New York (Mr. LAZIO), the gentleman from New York (Mr. GILMAN) and the gentlewoman from California (Mrs. TAUSCHER) for offering this important amendment to the Higher Education Amendments.

Child care is an issue that concerns all families. Making sure that American families have access to quality child care should be one of our top priorities in the Congress. As Members may know, an average child care worker earns less than $7 per hour. It is easy to see that this does not provide enormous incentive for young graduates to enter the child care profession.

Moreover, the best child care is provided by educated workers. We all know the majority of students graduating from college are burdened with thousands of dollars of student loan debt. This is a further disincentive to entering the child care field.

The aim of this amendment is to provide an incentive for students to enter into child care professions. This amendment would forgive a percentage of the debt owed by graduates that choose to enter the child care field.

The challenge here is that while students may strongly desire to work in child care and teach young children, they know that their income will be so modest that there will be no way possible that they could ever realistically repay their student loans. This amendment provides a much-needed incentive for students to choose this vitally important career path. The amendment would also seek to retain these workers in the child care field by increasing the percentage of loan forgiveness the longer they work.

It is very difficult for parents to, of course, leave their children in the care of others. Unfortunately this is necessary because of our current economic climate, with many parents working more than one job and both parents working. Although most parents would prefer to stay home with their children, about 75 percent of married couples with children work outside the home. This amendment will go a long way towards ensuring that our children are left in qualified, well-trained hands. It will also provide parents important peace of mind.

Again, I would like to thank the gentleman from New York (Mr. LAZIO) for his leadership on this issue. I urge my colleagues to vote for this important initiative.

Mrs. CLAYTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I also want to rise to support the Lazio-Gilman-Tauscher amendment. I want to speak about the importance of providing quality child care and doing all that we can to increase the supply of well-trained individuals to provide for our precious children.

A tragic story most poignantly pointed out the need of providing child care. Recently in the Washington Post we all heard about a police officer who found that she had to choose between having child care and taking care of her children. Since she had no child care, she had only one day job. You heard the story. On her first day of being jobless and with her children at her side, she held her colleagues who came to her home at bay with a gun.

While none of us condone her action, we all have to recognize the pressure, the agony and the desperation she must have felt in trying to keep her job and to care for her children as well.

We understand that this Nation's future, millions of our babies, children and youth, spend large quantities of their time in the child care environment. Therefore, it is understandable that we need to provide the best-trained individuals to make sure that they are taken care of.

This modest amendment will have a major impact, because it will help produce more competent child care workers. These child care providers are crucial to the health and the welfare of our children. They are crucial to the parents who must support their families. I urge that this amendment be adopted so that we can provide the necessary care.

Mr. KILDEE. Mr. Chairman, I move to strike the requisite number of words. I rise to support the amendment.

I introduced the first child care bill in this House since Richard Nixon had proposed child care many years ago. Richard Nixon did some good things, among them his child care bill. In analyzing and studying child care at the time, I discovered that the workers at our Nation's zoos, who earn every penny that they earn, they certainly earn it all, but they make more than child care workers. I have always felt that those who take care of children should at least be making the amount of money as those who would take care of the animals at our Nation's zoos.

We have had a desperate situation in child care and the remuneration to our workers there. I think that the amendment that the gentleman from New York (Mr. LAZIO) is offering will help alleviate that to a great degree. I support the amendment.

Mr. ANDREWS. Mr. Chairman, I move to strike the requisite number of words. I also rise in support of the amendment offered by the gentleman from New York (Mr. LAZIO), the gentleman from New York (Mr. GILMAN) and the gentlewoman from California (Mrs. TAUSCHER).

I think it is important that we understand how much of a sacrifice people make when they go to work in the child care field. The gentleman from New York (Mr. LAZIO) and the gentlewoman from California (Mrs. TAUSCHER) have spoken very clearly and eloquently about that, but I think there are some numbers that were in the newspaper, in the New York Times today, which dramatically illustrate the economic priority we put on taking care of our children as opposed to the rhetoric that we talk about taking care of our children.

There was a study done which indicates that the median hourly wage of animal caretakers, people who take care of our pets, is $6.90 an hour; the median hourly wage of parking lot attendants, people who watch our cars, is $6.38 an hour; and the median wage of child care workers, who care for and watch our children, was $6.12 an hour. So we literally pay people more to watch our pets and our cars than we do our children.

One of the ways that we begin to redress that grievance, and it is a grievance, is this proposal which suggests that a limited number of child care

workers will be able to finance their education by working in quality, affordable child care.

This is an example, and I know that both the gentlewoman from California (Mrs. TAUSCHER) and the gentleman from New York (Mr. LAZIO) are the parents of young children, as am I, so they know this issue very personally. It is an example of how the two sides of the aisle can come together on a very practical idea. I commend the authors and heartily support the amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Chairman, we do appreciate very much this very forthright and forward thinking legislation.

Another number I would like to share with my colleagues is that the average salary of a child care worker may be barely $12,000. It is very important that we provide the opportunities for professionalism, for training, for incentives, for learning creative techniques and styles of teaching our very young children.

As Mrs. Clinton has indicated in her emphasis on the zero to 3 development, early development, it is so very important the kind of exposure our children have, safe and secure environment, and the kind of caretaker who not only cares and loves them but also has a professional attitude and an ability to train them.

I want to add my accolades but as well my support enthusiastically to the kind of legislation that will provide opportunities for professional child care providers, making this the kind of system that we can be proud of. I think this will particularly help our mothers moving from welfare to work. I thank the gentleman for yielding.

Mr. MCKEON. Mr. Chairman, I move to strike the requisite number of words. I want to commend the gentleman from New York (Mr. LAZIO), classmate, subcommittee chairman on another committee, for a well thought out and good amendment. I want to support his amendment.

This program was patterned after the loan forgiveness for teachers already included in H.R. 6. Students cannot receive loan forgiveness until after they have completed their second year of employment, at which time 20 percent of their loans may be forgiven, 20 percent after the third year, and 30 percent after the fourth and fifth years of employment, which guarantees that people will continue to work in the program for a period of time, which is very beneficial. Loan forgiveness programs structured in this manner serve as good incentives to attract and retain qualified teachers, especially in low paying professions or areas. I urge a ''yes'' vote on the amendment.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words. I rise to bring reality to the discussion. We are making each other feel good. The last amendment was a good amendment. This is a good amendment.

Where is the gentleman from South Carolina (Mr. SPRATT) when I need him? Obviously we know very well that if any of these amendments get funded, money must be taken from some other place. I do not know where that will be, but it might be one of your other favorite programs or, even worse, it might be one of my favorite programs.

I just want to have a little reality check here and make sure everybody understands. We are feeling good. But if they take money from us in order to fund these programs, we will not be feeling so good.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. LAZIO).

The amendment was agreed to.

AMENDMENT NO. 29 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 29 offered by Ms. JACKSON-LEE of Texas:

Page 182, line 14, strike the close quotation marks and following period and after such line insert the following new paragraph:

''(7) AUTHORITY OF THE SECRETARY TO ASSIST DISTRESSED INSTITUTION.—The Secretary is authorized to provide administrative, fiscal, management, strategic planning and technical assistance through a qualified third-party consultant identified by the institution or an organization representing such institutions. Institutions eligible for such assistance include those institutions which qualify for the exemption in paragraph (2)(C)(i), (ii), and (iii) of this subsection, or which have submitted a default management plan under paragraph (5) which has been accepted by the Secretary.

MODIFICATION TO AMENDMENT NO. 29 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I ask unanimous consent that my amendment be modified with the modification at the desk.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Amendment No. 29 offered Ms. JACKSON-LEE of Texas, as modified:

Page 182, line 14, strike the close quotation marks and following period and after such line insert the following new paragraph:

''(7) AUTHORITY OF THE SECRETARY TO ASSIST DISTRESSED INSTITUTIONS.—The Secretary is authorized pursuant to section 326(c)(7) to provide administrative, fiscal, management, strategic planning, and technical assistance through a qualified third-party consultant identified by the institution or an organization representing such institutions. Institutions eligible for such assistance include those institutions which qualify for the exemption in paragraph (2)(C)(i), (ii), and (iii) of this subsection, or which have submitted a default management plan under paragraph (5) which has been accepted by the Secretary.

Ms. JACKSON-LEE of Texas (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

The CHAIRMAN. Without objection, the modification is accepted.

There was no objection.

Ms. JACKSON-LEE of Texas. Mr. Chairman, particularly I would like to thank the leadership of this committee which includes, of course, the gentleman from Missouri (Mr. CLAY), the gentleman from Michigan (Mr. KILDEE), certainly the gentleman from Pennsylvania (Mr. GOODLING) and various other subcommittee chairs for really the cooperative effort and spirit of this legislation.

It is important for the American people to see that all of the Congress supports education. This bill I think will help us, Mr. Chairman, do something that we would really like to see occur, and that is to see our student loans repaid. This amendment requests a study of default rates. It will make the lenders happy, it will make the students happy, it will make the government happy, because it will provide us with the kind of analysis that will help us determine why there may be a high default rate, what are the approaches we are using or not using.

□ 2230

I would hope that the Micro Computer Technology Institute located in the City of Houston, which provides technology education to the residents of the Eighteenth Congressional District, would benefit from this. Eighty-seven students from my congressional district were included in the cohort for fiscal year 1993. Of that number, 54 were adversely effected by what appeared to be improper servicing of their loans.

There are many issues, Mr. Chairman, that impact why loans are defaulted. I believe in student loans. I had student loans. I paid back student loans. I want to see student loans being a viable element of our higher education. It helps so many of our constituents.

So I would offer this amendment so that we can get, if my colleagues will, to the bottom of it, provide the kind of information and possibly avoid the kind of default rates that we have had and the criticism of our very viable loan programs.

Mr. GOODLING. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I want to make sure that we have this clear. We are accepting her amendment, but she said she was offering 29, but she talked about 27. But we are going to accept 29 and 27, but her discussion was on 27 rather than on 29.

Ms. JACKSON-LEE of Texas. Mr. Chairman, the gentleman may be right. Because I have had them both here,

and the gentleman is absolutely right. One was on distressed institutions.

Mr. GOODLING. We are going to accept both of them.

Ms. JACKSON-LEE of Texas. Great. Then I will not add anything to it other than to say the one I was speaking about originally was 29, and that was distressed institutions, and that is the opportunity to use a third party consultant. Is that the gentleman's understanding?

Mr. GOODLING. Mr. Chairman, the gentlewoman had said 29, but her discussion was on 27.

Ms. JACKSON-LEE of Texas. Right.

Mr. GOODLING. And we are going to accept both 27 and 29.

Ms. JACKSON-LEE of Texas. And 29 was on distressed institutions that had to do with using a third party consultant.

Mr. GOODLING. Yes.

Ms. JACKSON-LEE of Texas. And the gentleman will accept that one and 27.

Mr. GOODLING. Right.

Ms. JACKSON-LEE of Texas. All right, Mr. Chairman. I thank the gentleman.

Mr. Chairman, I rise today in support of my amendment to H.R. 6, the Higher Education Amendments of 1998, which would allow distressed institutions that are already provided for in the text of this bill, the opportunity to utilize a third party consultant, if they so desire, to conduct their administrative, fiscal and technical assistance. This addition is not simply about the fact that a third party consultant, specifically trained and prepared to offer this kind of assistance, will generally provide a higher level of quality and performance than an advisor assigned by a federal agency to consult an institution of higher education, but there are serious ethical issues at play here as well.

A Department of Education official that is assigned to consult a college or university about possible improvements in their administrative or fiscal management procedures is not only charged to improve the quality of the college's or university's procedures, but as well, they are required to report any violations of federal law or regulations conducted by the college/university that they observe. It is one thing for our larger colleges and universities with seemingly unlimited resources to hold to this high standard of review, but it is highly unlikely that a Harvard or Yale or a University of Texas, even, would ever need fiscal, administrative or technical assistance from the Department of Education.

No, it will be our smaller colleges and universities that will be requesting help from the government, and they often make mistakes in their procedures and policies that they need not be penalized for by the very group that they are requesting help from. But the Department of Education's officials have an ethical mandate to report any infractions that they observe whether they are done by omission or by commission. On the other hand, however, a valid technical argument can be made by our smaller colleges and universities against Department of Education consultation. Essentially, why should a college or university be forced to take into counsel a representative from a group that has an oversight relationship with them? It makes no sense. Our small colleges and universities should be able to have impartial consultation about their administrative or fiscal needs without facing consequences for previous actions from the federal government.

The only logical solution to this ethical dilemma for both the Department of Education and our small colleges and universities, is to allow a third-party consultant to advise the institution about its needs and concerns, if they so desire. This way, a college or university can begin steps to correct any procedural mistakes they may be making, without experiencing the unfair possibility of facing future Department of Education penalties. We must not punish those who sincerely need our help, but encourage them to make their institution the very best that it can be. So I urge you to support this amendment to level the playing field for our many distressed institutions of higher learning in need of comprehensive assistance.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE), as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 27 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 27 offered by Ms. JACKSON-LEE of Texas:

Page 136, line 19 add the following new section:

TITLE IV—GUARANTY AGENCY REFORMS

SEC. 413. GUARANTY AGENCY REFORMS.

Directs the Secretary to conduct a study to investigate to what extent the actions of the lenders and the guarantors impact upon the default rates of student borrowers as it relates to the servicing of the loans or the due diligence of the loan.

Ms. JACKSON-LEE of Texas. Mr. Chairman, because of the kindness of the gentleman from Pennsylvania (Mr. GOODLING) the gentleman from Michigan (Mr. KILDEE) the gentleman from Missouri (Mr. CLAY) and others, I will be brief on this.

This, again, has to do with guarantee agency reforms which is to allow the Secretary of Education to conduct a study to determine if the actions and guarantors of student loans impact default rates. Simply, this provides us with information; and, as I said earlier in my comments, this helps to avoid some of the dilemma that we face with default rates. Let us find out why, let us try to improve it, and let us insure that student loans remains a viable part of our educational process.

With that, Mr. Chairman, I ask my colleagues to support this amendment that can only help to enhance our educational system for higher education.

Mr. Chairman, I rise to offer the following amendment to H.R. 6, the Higher Education Amendment of 1998.

This amendment would result in a study to determine to what extent the actions of the lenders and the guarantors impact upon the default rates of student borrowers as it relates to the servicing of the loans or the due diligence of the loan. The goal of this study will be to determine the source of default rates of student loans.

The Microcomputer Technology Institute located in the City of Houston provides technology educations to residents of the 18th Congressional District which I represent. Eighty-seven students from my Congressional district were included in the Cohort for Fiscal year 1993. Of that number, 54 were adversely affected by what appeared to be improper servicing of their loans by one of the lender/guarantor units used by the Microcomputer Technology Institute during that period. The remaining 33 students did much better, their loans having been serviced by a different lender/guarantor combination, which resulted in a cohort default rate approximately one-third that of the first group.

It is evident that the way and manner that loans are serviced can and will affect certain students ability to pay back the loans as well as the resultant cohort default rate assigned to an institution.

If Microcomputer Technology Institute had placed all of its students loans with the first lender that had a high default rate then its potential default rate could have been greater than 40%—defining Microcomputer Technology Institute as a bad school for the purpose of Department of Education approval of Federal Student Loans.

Currently, under the Department of Education rule, if the borrower made even a single payment on the loan, the default can not be due to improper servicing, no matter how deficient the servicing has been.

Lending institutions and guarantors may accomplish servicing in a wide variety of ways from those which do an excellent job of providing payment coupons, and reminder calls to those which rely on a letter serving notice that repayment of a loan is due.

I would contend that the level of repayment is directly related to the due diligence of the loan, because the effort put into generating payments once a student has concluded their education is of vital importance in securing repayment.

I believe that we should not let this issue continue without study because the results of high loan default rates are penalties to the educationally institution.

There are many factors that may contribute to student loan default rates, but without this study there will be no way to determine if more should or could be done to reduce the number of loan defaults.

Congress recognized the responsibility of lenders and guaranty agencies when the Higher Education Amendments of 1992 amended the Higher Education Act of 1965 to require the Department to calculate and publish cohort default rates for original lenders, current holders, and guaranty agencies.

Congress should pursue its interest in student loan defaults with a study to learn what if any thing could be done to improve student repayment rates. In Fiscal Year 1995 of the 7,644 schools reviewed with a total of 1,918,453 borrowers there were a total of 199,346 defaults.

I ask my colleagues to join me in support of this important amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE).

The amendment was agreed to.

AMENDMENT NO. 30 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 30 offered by Ms. JACKSON-LEE:

Page 270, after line 16, insert the following new section:

SEC. 480. RELIEF FROM OBLIGATION.

To the extent authorized in advance in an appropriation Act, the Secretary may, in settlement of claims found or arising under audits and program reviews under title IV of the Higher Education Act of 1965, forgive the obligations to pay such claims of Texas Southern University relating to the administration of programs under such title, subject to such terms and conditions as Secretary may require with respect to conduct of programs under such title on and after the date of enactment of this Act.

Ms. JACKSON-LEE of Texas. Mr. Chairman, simply, my amendment deals specifically with concerns of an institution that has a great history in our community. Texas Southern University was a State or is a State institution founded in 1948. It was founded on the basis of students in Texas, African Americans, not being allowed to go to the white institutions in Texas out of segregation. And over the years Texas Southern University has educated a high degrees of our pharmacists, our lawyers, our educators. In fact, Texas Southern University has educated most of the teachers in the State of Texas.

It particularly serves a significant number of low-income minority students in Texas. It trains a significant percentage of the State's legal and pharmaceutical students as well as it trains a huge number of our Hispanic attorneys in the State of Texas.

Texas Southern University has historically been underfunded by the State of Texas. That is something that we are trying to work on. However, this has resulted in its reduced ability to marginize many of its internal systems, some of them so very important to keeping the appropriate or the kinds of records necessary in this fast-paced economy. As a result of this historical underfunding, it has not been able to maintain sufficient staff to provide total administrational support that is necessary.

Problems created by prior inadequate funding have been identified and are in the process of being resolved, currently negotiating with the Department of Education to resolve its prior deficiencies and to identify such deficiencies and result in a settlement.

My amendment acknowledges the historical role that Texas Southern University has and would ask that we would, if my colleagues will, forgive any settlement that might come about so that Texas Southern University might move forward, establishing a more proper procedure and as well to survive in this particular competitive climate.

I would hope that the point made about Texas Southern University is that it is trying to correct its deficiencies, that it is a valuable institution and that, hopefully, we would be able to agree with the fact that an institution such as Texas Southern University needs to be preserved.

Mr. Chairman, I ask the gentleman from Pennsylvania, as he responds to me, I may want to have this amendment withdrawn, and I would like to have enough time to be able to speak on that point.

Mr. GOODLING. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I was under the impression that the gentlewoman was going to withdraw this amendment.

Ms. JACKSON-LEE of Texas. And I am, Mr. Chairman.

Mr. GOODLING. Of course, the major reason is we have already had four requests similar, and we have a pay-go problem, and so they will have to deal with the secretaries to try to get it all straightened out.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I will take the gentleman's remarks as a positive. They will have to deal with the secretary. It certainly does not speak against the historical nature of Texas Southern University, but we are in the process of doing that. We hope that we will have positive results, and I was hoping to get relief here on the floor of the House, and I respect the chairman.

Mr. Chairman, I rise today in support of my amendment to forgive the debt obligation of Texas Southern University to the United States Department of Education incurred as a result of difficulties that arose in the Administration of their Title IX Student Financial Aid program. This amendment, Mr. Chairman, seeks only to give the same protections to some of our smaller institutions of higher learning, which desperately need financial and technical assistance from the Department of Education, that the Department of Commerce and the Small Business Administration currently give to our small and disadvantaged businesses. Essentially, the relationship is no different.

Our small colleges and universities in this country are a valuable resource in giving certain people an opportunity to receive an undergraduate education that might not otherwise be able to do so. A prime example of one of these colleges and universities is Texas Southern University in Houston, Texas. Texas Southern University, or TSU as it is popularly called, was founded as a compromise in the settlement of a lawsuit between a man named Herman Sweatt and the University of Texas. Sweatt, the plaintiff in the famous 1950 Supreme Court case of *Sweatt* v. *Painter*, was fighting the Texas Constitutional provision which mandated separate treatment of Blacks and Whites, so that he might be able to attend the University of Texas Law School. In the midst of Sweatt's four year long protracted legal battle, state officials thought he might be pacified by the creation of a ''Negro'' university that was also funded by the State. So in 1947, the Texas State University for Negroes was created, and in 1951, after Sweatt's victory in the Supreme Court, the university's name was changed to Texas Southern University.

And even though Texas Southern's mandate from the State was to provide ''courses equivalent'' to those provided by other state-supported universities, over the last 4 decades, the University has been consistently underfunded. This open secret culminated in 1981 when the Office of Civil Rights found that the State of Texas was operating ''a dual and unequal system of higher education''. The bottomline is that for too long, our small colleges and universities have been treated like ''unwanted stepchildren'' by our state funding agencies. Despite all of this, TSU has become an institution that enrolls students of all racial, religious, cultural, and ethnic backgrounds from Texas, the nation, and the world. It is more than just a collection of students, it is a conduit between cultures, races and lifestyles; truly a constant source of viable political, civic, and business leaders for the Greater Houston community. So why not help our small colleges and universities like TSU?

These institutions need our technical assistance and long-term financial support in order to encourage greater institutional stability, a trademark of our larger colleges and universities. Today, I ask for only Texas Southern University, because I recognize that this forgiveness from financial obligation must not be abused. But as special and worthwhile cases may arise, like this one, we should not, we can not, we must not, shrink from our responsibility to help those institutions of higher learning that need us most. We are not forgiving the debt of a ''fat cat'', multinational corporation; quite to the contrary, we are setting forth an honorable act of absolution to an institution that genuinely needs our help. Simply stated, we are allowing tens of thousands of children the opportunity to maximize the potential; to someday realize their dreams. For this reason, above all, I ask all of my colleagues to support this amendment, and preserve the sacred gift of education.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

AMENDMENT NO. 59 OFFERED BY MR. SOUDER

Mr. SOUDER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 59 offered by Mr. SOUDER:

Page 237, strike lines 4 through 10 and insert the following:

''(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (l) may resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph and that includes two unannounced drug tests.

Mr. SOUDER. Mr. Chairman, my amendment is very simple. On page 237

it strikes lines 4 through 10 and inserts the following: Under rehabilitation, a student whose eligibility has been suspended under paragraph 1 may resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph and that includes two unannounced drug tests.

The addition to the underlying bill is that it includes 2 unannounced drug tests.

This amendment has no estimated drug spending, unless, of course, somebody would fail the drug test and then, while that is not our goal, it would actually save money. But our goal is to make sure that, actually, the students are clean when they come back.

Now let me go through the history of how this got in the main bill and then discuss particularly my change which I hope will be considered a friendly amendment and can be supported. It is not general drug testing. It is not testing of anyone other than people who have been convicted of drug use and are now under this bill going through drug rehab and making sure they are actually clean.

But I want to go through the actual epidemic that we are facing. We have a major crisis in this country, and the question is are we serious about it or not. And this bill has an important first step, and I would like to just refine this a little bit more. It is easy for us to criticize Mexico; it is easy for us to criticize Columbia. The question is, are we really committed in this country?

The Chronicle of Higher Education, March 21, 1997, states that crime data from 489 of the largest colleges and universities in this country indicate that drug arrests on college campuses jumped by close to 18 percent in 1995 when they have the data in the fourth consecutive year with a double digit increase. By comparison, all other crimes, including murder, robbery, aggravated assault, burglary, vehicle theft and violations of weapons laws declined. So it is clear in our universities we have had drug use as an increasing problem. This 18 percent jump is even more troubling when you consider that those are the kids that get caught.

According to this same article, researchers at the University of Michigan found that 33.5 percent of the college students surveyed in 1995 had used illegal drugs within that year up 2.1 percent from 1994 and up even further from an earlier survey.

I have recently seen the survey study, and it included 17-year-olds who are just about to head to college. They are seniors in high school, and in there two-thirds said that they knew where they could get marijuana within a day, and 44 percent within an hour or less, that our schools are, in fact, not drug-free even in high school. Thirty-seven percent of the principles said they were drug-free; 46 percent of the teachers. But 76 percent of the students said that their school was not drug-free. They understand they are at risk when they were asked, 17-year-olds, what they thought their greatest problem was. Drugs were not seen as much of a problem, as their major problem, as all the other issues combined.

Now this suggests that our children know they are at risk, and we need to take some steps to make sure they are not in danger.

This amendment, to go through some of the history, has been in our bill before coming through the House, the full underlying amendment that came through committee before this adjustment, and my colleague and friend, the gentleman from New York (Mr. SOLOMON) has been the pioneer and the leader with this. He is a great American, and I am going to miss him, and many others are. He has been a crusader for the values that made this country great.

He had this in the Higher Ed Reauthorization bill in 1992. We lost it in conference, and we are coming back again with the underlying treatment amendment in the beginning, and let me explain what the underlying amendment does:

One loses their taxpayer subsidized loan for 1 year for first offense, 2 years for their second offense and indefinitely for the third. If they sell drugs, they get suspended for 2 years for a first offense and indefinitely on a second offense.

The point here is not to get people out of college. That is why we have the treatment program and then they come back in. We want to get people rehabbed so they can learn. But the problem here is we need to make sure not just that they are going through treatment programs and insurance companies can make a lot of money and treatment programs can make a lot of money, but that, in fact, people are cured.

This can be done, quite frankly, faster than the suspension period. If they successfully complete a rehab program and they get through a drug test that is clean, they are back in school.

I have no desire to eliminate anybody's opportunity to climb out of the situation they are in to advance their career, but the best way to do that is to make sure one is clean of drugs. And I believe that this amendment will actually make the underlying amendment that we had in committee even stronger and put teeth in that, and I hope that it can be supported by all sides. Because, once again, I want to say it is not a general testing amendment; it is only for people who have been convicted and lost their student loan.

Mr. GOODLING. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Indiana.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. SOUDER).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT NO. 18 OFFERED BY MRS. CLAYTON

Mrs. Clayton. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 18 offered by Mrs. CLAYTON:

Page 248, line 4, strike ''and''; on line 10, strike the second period and insert ''; and'', and after line 10 insert the following:

(7) by adding at the end the following new paragraph:

''(23) The institution will distribute to each student, during registration for enrollment in its instructional program, the mail voter registration application form described in section 9(a)(2) of the National Voter Registration Act of 1993, unless the student, in writing, declines to receive such form.''.

Mrs. CLAYTON. Mr. Chairman, this is an amendment to allow that college students, as they begin their career as college students, to have the opportunity to begin their careers also as citizens participating in our great democracy. As my colleagues well know, the ages between 18 and 24 happened to be the lowest rate of participation. All Americans really should be ashamed at the rate we are participating but, simply put, this allows a simple access to a college student coming to register to also be able to register to vote.

☐ 2245

To our knowledge, this does not require any Federal funds, so it should not be a question about the funding of this.

This amendment simply addresses access and opportunity. Currently, the Motor Voter registration allows for anyone to register at a library. It simply means that the Board of Elections of those particular cities will send this information or registration form to the colleges.

This is not a partisan amendment; this does not have added costs. This is simply a way for college students to participate in the democracy.

Mr. Chairman, with that, I will yield to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I am going to say the same thing that the gentleman from California (Mr. MCKEON) was told to say, which is the same thing that he mentioned.

We are accepting this amendment this evening with the understanding that if it creates too much heartburn, we will discuss it in conference.

Mrs. CLAYTON. Mr. Chairman, reclaiming my time, we appreciate the gentleman's willingness to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from North Carolina (Mrs. CLAYTON).

The amendment was agreed to.

AMENDMENT NO. 16 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment numbered 16.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 16 offered by Mr. ANDREWS:

Page 164, after line 25, insert the following new subsection:

(t) NOTICE OF AVAILABILITY OF INCOME-SENSITIVE REPAYMENT OPTION.—

(1) AMENDMENT.—Section 428 is further amended by adding at the end the following new subsection:

''(o) NOTICE OF AVAILABILITY OF INCOME-SENSITIVE REPAYMENT OPTION.—At the time of offering a borrower a loan under this part, and at the time of offering the borrower the option of repaying a loan in accordance with this subsection, the lender shall provide the borrower with a notice that informs the borrower, in a form prescribed by the Secretary by regulation—

''(1) that all borrowers are eligible for income-sensitive repayment through loan consolidation under section 428C;

''(2) the procedures by which the borrower may elect income-sensitive repayment; and

''(3) where and how the borrower may obtain additional information concerning income-sensitive repayment.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 428(b)(1)(E)(i) is amended by inserting before the semicolon the following: ''or of repaying the loan in accordance with an income-sensitive repayment schedule offered pursuant to section 428C''.

(B) Section 485(b)(1)(A) is amended—

(i) by striking ''and'' at the end of clause (i);

(ii) by striking the period at the end of clause (ii) and inserting ''; and''; and

(iii) by adding at the end the following new clause:

''(iii) the information required to be disclosed by lenders pursuant to section 428(o).''.

Mr. ANDREWS. Mr. Chairman, the purpose of this amendment is to help deal with the very real problem of people who graduate from school with a significant student loan debt. I think we widely agree that the best solution is to try to find a way to moderate the cost of higher education. I think there are many things we have in this bill that begin to do that. The second best solution is more scholarship aid so more people are able to earn and win scholarships, whether based on merit or need.

We are still faced with the reality, though, that many students are required to borrow in order to finance their education. I believe that it is therefore imperative that we try to find ways that make that borrowing easier for students and their families to deal with.

One such way is to encourage the use of income-contingent or income-sensitive loans. In short, this concept means that one's obligation to pay one's loan back is based in large part upon their income, upon their ability to pay. So the less one makes, the less of an obligation one has to pay, but as their income rises, so does their obligation to pay.

This is the first of 2 amendments I am going to offer on this subject. This one makes it clear that whether students are under the direct loan program or the bank-based guarantee loan program, they are fully aware of their right to have all of their loans consolidated into the Department of Education and then converted through the income-sensitive option.

What this means is that a young man or a young woman who graduates with a significant debt, with a $20,000 or $30,000 or $40,000 debt, who chooses to go into a job or profession, or must go into a job or profession that earns a lower salary will have the opportunity to make that choice, will not be compelled to choose between pursuing the highest and best education they can get or accepting a job that they do not wish to pursue.

I think this is a sensible amendment. I believe it will encourage people to borrow prudently, but give them an opportunity to repay their loan on a fair and reasonable basis. It is a way to deal with the burgeoning problem of too much debt upon graduation.

Mr. Chairman, I yield to my friend, the gentleman from New Jersey (Mr. PASCRELL), who has proposed legislation that is very similar in concept to this. He accomplishes this goal by extending the period of time that people can pay back their loans, and I believe it is very much in sync with this idea.

Mr. PASCRELL. Mr. Chairman, I believe that the amendment of the gentleman is right on target. One of the largest and most severe problems facing college students is an ever-mounting debt. When I look at the students in my own State and how that debt has increased over the past several years, moving up to close to $13,000 on the average, and by another 2 years, that debt will increase to perhaps a little bit more than $20,000. I think that the indirect loan program to those students who are not taking advantage of the direct loans, 10 years is certainly questionable at this time.

I am not offering an amendment, Mr. Chairman. What I would like to do is in conference, if it is possible with the leadership, to consider the possibility of extending from 10 to 25 years those indirect loans. If we do not, then I think that we are in jeopardy for those students who graduate who want to take on some noble service like teaching or social work or joining the Peace Corps, that becomes impossible if one has to pay that loan off, that debt in 10 years. I hope we could extend it to 25 years. We have looked at the numbers on it and I think it is very doable. This will allow students more flexibility in their repayment schedules and make it easier for them to both adjust to the working world and take low-paying, public service-oriented jobs.

I have asked the students in my district about this, Mr. Chairman. They support this idea and I believe it is best for them, best for education, and best for America.

Mr. ANDREWS. Mr. Chairman, reclaiming my time, I yield to the gentleman from California (Mr. MCKEON), the chairman of the subcommittee on this issue.

Mr. McKEON. Mr. Chairman, I want to thank the gentleman from New Jersey, Mr. ANDREWS, for this amendment. I think it does strengthen the bill, as others do, and I would be happy to support it.

Mr. ANDREWS. Mr. Chairman, I thank the gentleman.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the last word, and I rise in support of the Andrews amendment.

I believe this is certainly a key issue for this Congress. When I speak to people from my district, they always talk about how can we help assist students in need who want to have college loans and grants. Students frankly across America want to make sure they achieve the American dream by community service, by helping their country. If they cannot get the college loan or grant, then they may be foreclosed from higher education just because we in Congress did not take advantage of the Andrews amendment.

By seizing the moment here tonight in a bipartisan fashion, we are able to work with the gentleman from New Jersey (Mr. ANDREWS) and others to make sure that the vision that we have for America, to make sure our young people have the chance, through this flexible system, to be able to have more college loans and grants available, and that is certainly the idea of why people sent us to Congress.

So I ask my colleagues to unanimously support it.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. FOX of Pennsylvania. I yield to the gentleman from New Jersey.

Mr. ANDREWS. Mr. Chairman, I would like to thank my friend from Pennsylvania for his support. I also wanted to make special note of the cosponsorship of the gentleman from Wisconsin (Mr. PETRI) of this amendment and thank him for his help on it.

Mr. FOX of Pennsylvania. Mr. Chairman, reclaiming my time, the fact is that this kind of amendment is what the American vision has been working on where it is bipartisan, where it shows that across the aisle when it comes to our children, we can work together for education and for opportunity.

I ask again that my colleagues support this wholeheartedly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The amendment was agreed to.

AMENDMENT NO. 15 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment No. 15.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 15 offered by Mr. ANDREWS:

Page 163, strike out lines 16 and 17 and insert in lieu thereof the following:

(p) LENDERS-OF-LAST-RESORT.—Section 428(j)(3) is amended—

(1) in subparagraph (A)—

(A) in the heading thereof, by striking ''DURING TRANSITION TO DIRECT LENDING'';

(B) by striking out ''during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of the title,'' and inserting a comma;

(C) by inserting ''designated for a State'' immediately after ''a guaranty agency''; and

(D) by inserting ''subparagraph (C) and immediately before ''section 422(c)(7),''; and

(2) by adding at the end thereof the following new subparagraph:

''(C) The Secretary shall exercise the authority described in subparagraph (A) only if the Secretary determines that eligible borrowers are seeking and are unable to obtain loans under this part, and that the guaranty agency designated for that State has the capability to provide lender-of-last-resort loans in a timely manner, in accordance with its obligations under paragraph (1), but cannot do so without advances provided by the Secretary under this paragraph. If the Secretary makes the determinations described in the preceding sentence and determines that it would be cost-effective to do so, the Secretary may provide advances under this paragraph to that guaranty agency. If the Secretary determines that guaranty agency does not have such capability, or will not provide such loans in a timely fashion, the Secretary may provide such advances to enable another guaranty agency, that the Secretary determines to have such capability, to make lender-of-last-resort loans to eligible borrowers in that State who are experiencing loan access problems.''.

Mr. ANDREWS. Mr. Chairman, this amendment is an important priority of the Department of Education and the administration, and I believe all of us on both sides of the aisle want to clarify the status of the Lender of Last Resort program.

I would like to first of all thank the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the committee, and the gentleman from California (Mr. MCKEON) and their staffs for their cooperation, and of course the gentleman from Missouri (Mr. CLAY), and the gentleman from Michigan (Mr. KILDEE) and their staffs for their cooperation.

The purpose of this amendment is to make it clear that under the law, when a student is unable to secure a bank-based loan or does not attend a direct lending institution, that that student has the right under law and under this bill to go to a guarantee agency or other credit facilitators named in the bill as a lender of last resort.

Put simply, this is the safety net when all of the other mechanisms fail to students not at a direct lending school. If there is a problem obtaining a bank loan, this is the safety net that assures that man or woman that a student loan is available under the terms and conditions of this law.

It is my understanding that both sides of the aisle are in accord with this objective, and I would be happy to yield to the gentleman from California (Mr. MCKEON), the subcommittee chairman at this time.

Mr. MCKEON. Mr. Chairman, I want to thank the gentleman again for his amendment. We have been working hard to avoid a disaster, and I am hopeful that our bill will be passed and signed into law before we hit the wall. But I think this makes good sense to make sure that in the event that there is a disaster, we do have this money there available for these lenders of last resort. So I am happy to support the amendment.

Mr. ANDREWS. Mr. Chairman, I thank the gentleman for his cooperation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The amendment was agreed to.

AMENDMENT NO. 44 OFFERED BY MR. MCGOVERN

Mr. McGOVERN. Mr. Chairman, I offer amendment No. 44.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 44 offered by Mr. MCGOVERN:

Page 96, after line 7, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(f) PELL GRANT INCENTIVES.—Subpart 1 of part A of title IV of the Higher Education Act of 1965 is amended by inserting after section 401 (20 U.S.C. 1070a) the following new section:

''SEC. 401A. PELL GRANT INCENTIVES.

''(a) PROGRAM AUTHORITY.—From the amounts appropriated pursuant to subsection (d), the Secretary shall establish a program to increase the Pell grant awards under section 401 during their first two academic years of undergraduate education to students who graduate after May 1, 1998, in the top 10 percent of their high school graduating class.

''(b) AMOUNT OF INCREASE.—The additional amount of Pell grant that shall be awarded under this section to any student who qualifies under this section shall be an amount equal to the amount for which the student is eligible under section 401 (determined without regard to the provisions of this section), except that if the amount appropriated pursuant to subsection (d) is less than the amount required to award such additional amounts to all such students, the additional amount awarded to each such student under this section shall be ratably reduced.

''(c) DETERMINATIONS OF ELIGIBILITY.—

''(1) PROCEDURES ESTABLISHED BY REGULATION.—The Secretary shall establish by regulation procedures for the determination of eligibility of students for increased Pell grant awards under this section. Such procedures shall include measures to prevent any secondary school from certifying more than 10 percent of it's students for eligibility under this section.

''(2) COORDINATION WITH NEED ANALYSIS.—In prescribing procedures under paragraph (1), the Secretary shall ensure that the determination of eligibility and the amount of the increase in the Pell grant award is determined in a timely manner consistent with the requirements of section 482 and the submission of the financial aid form required by section 483. For such purposes, the Secretary may provide that, for the first of a student's two academic years of eligibility under this section, class rank may be determined prior to graduation, at such time and in such manner as the Secretary may specify in the regulations prescribed under this subsection.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to award increased Pell grants under this section $240,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

Mr. MCGOVERN. Mr. Chairman, the amendment I offer today provides both an incentive and a reward for Pell-eligible students who pursue and achieve academic excellence by graduating in the top 10 percent of their high school class. Too often we exhort parents and students, teachers and communities to do more, to do better, to do it all, but we offer few incentives and even fewer rewards.

This amendment that I am offering today will provide those Pell-eligible students who, against all odds, graduate in the top 10 percent of their high school class, an achievement benefit for their first two years of postsecondary education. The amount of that achievement benefit will match the amount of the Pell Grant awarded to that individual.

For example, Bill Smith graduates in the top 10 percent of his high school class and receives a $900 Pell Grant. The achievement benefit that matches that award is an additional $900 grant. So Bill Smith receives Federal assistance of $1,800 for years 1 and 2 of his college education, and his Pell Grant continues at $900 for years 3 and 4.

According to the Congressional Research Service, over 84,000 young men and women nationwide would benefit from this achievement award. This amendment will increase the affordability of a higher education without increasing the debt of students and their families. But everyone in this Chamber recognizes that we need to increase grant assistance for higher education, not just at the Federal level, but at the State and local level; not just in the public sector, but from the private sector as well. My amendment is just one modest proposal to do just that, while encouraging students to achieve the very highest academic level.

This amendment increases the accessibility of a higher education and expands the options of college choice available to students and their families. This amendment will not alter the Pell Grant formula or program. Let me emphasize that again. This amendment will not affect the Pell Grant program or its funding. It will not penalize those Pell-eligible students who do not graduate in the top 10 percent of their class. Instead, it provides a matching grant, if you will, that would double the amount of a student's Pell Grant award should the achievement benefit become fully funded.

This amendment is endorsed by the American Council on Education, the Association of Jesuit Colleges and Universities, and many others.

Regarding this amendment the Association of Jesuit Colleges and Universities has stated that this program would send the encouraging message to students struggling to achieve under difficult circumstances that their hard

work and perseverance will be well rewarded.

The American Council on Education has said that early information about the availability of increased grant assistance could have a profoundly positive impact on students' academic performance and aspirations.

No one knows better than low-income, college-bound students that the cost of an education is often perceived as a major barrier to the fulfillment of their dreams. We need to do all that we can to encourage these students, especially those with exceptional ability and determination, to strive for their ultimate potential in higher education and beyond.

This amendment will require a separate appropriation, and in order to be sensitive to the budget constraints in which we are all working, the amendment includes a provision to rateably reduce the achievement benefit based on the appropriations. What this means is that if the full amount to carry out this provision is appropriated, then the achievement benefit we will match will be 100 percent, dollar for dollar.

□ 2300

However if the appropriations were only half the amount needed, then the achievement benefit would be equal to half the amount of the student's Pell Grant, and so on.

Mr. Chairman I recognize and support current funding priorities in higher education, to resolve the question of student loan interest rates, to increase overall funding for Pell Grants, to establish the High Hopes program and so on. But there will not be another opportunity for 6 years to authorize the establishment of this grant benefit.

It is my hope over the next few years, we might explore this type of achievement incentive. And if in fiscal year 2000 or 2001, we as a Congress decide to fund such an achievement award, then we need to create its authorization in this bill.

Mr. Chairman, this amendment is wholly subject to an appropriation. It breaks no budget authority or spending caps. No one has been more supportive of Pell Grants or grant assistance than the gentleman from Pennsylvania (Chairman GOODLING), the gentleman from Missouri (Mr. CLAY), or the gentleman from California (Mr. MCKEON), or the gentleman from Michigan (Mr. KILDEE), and I want thank them for their leadership and persistence on this issue.

Mr. Chairman, this amendment will reduce student debt, increase the affordability and accessibility of a college education, motivate young people to strive for academic excellence, and reassure families that a college education is not out of financial reach for their determined, hard-working daughter or son.

I hope that my House colleagues will support this amendment overwhelmingly and establish this achievement benefit.

Mr. Chairman, I submit the following for the RECORD:

AMERICAN COUNCIL ON EDUCATION,
Washington, DC, February 17, 1998.

Hon. JAMES P. MCGOVERN,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE MCGOVERN: I write to express my interest in and appreciation for the bill you are sponsoring, the ''Incentives for Achievement Through Pell Grants Act,'' which will establish a program to increase Pell Grant awards to students who graduate in the top 10 percent of their high school class. This bill is clear evidence of your commitment to providing greater access to higher education for students from low- and middle-income families.

Your proposal to provide an incentive to students with early information about the availability of an increased Pell Grant could have a profoundly positive impact on students' academic performances and aspirations. This will help to mitigate students' concern that resources necessary to fund a postsecondary education are beyond their financial reach, and will instead motivate them to achieve greater academic success.

I congratulate you for introducing this innovative legislation. I look forward to working with you as reauthorization of the Higher Education Act progresses.

Sincerely,

TERRY W. HARTLE,
Senior Vice President.

ASSOCIATION OF
JESUIT COLLEGES AND UNIVERSITIES,
Washington, DC, February 17, 1998.

Hon. JAMES P. MCGOVERN,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN MCGOVERN: On behalf of the Association of Jesuit Colleges and Universities, I want to commend and support your initiative in introducing the ''Incentives for Achievement Through Pell Grants Act,'' for needy students who have demonstrated special achievement.

The doubling of the Pell Grant for recipients who graduate in the top 10% of their high school class can provide both an incentive and a reward for those students. This program would send the encouraging message to students struggling to achieve under difficult circumstances that their hard work and perseverance will be rewarded.

The new Hope Tax Scholarship Credit and Life-Long Learning Tax Credit assist middle income families in providing an education for their children. Your program addresses the needs of lower income families.

Pell Grants have long been a critical component of federal student financial aid programs on our campuses. Our association has consistently worked diligently to preserve these and all campus-based programs at the same time we have significantly increased our own institutional commitment to financial aid for our students. Your new program very importantly supplements these efforts, rather than replacing them.

Our special thanks to you for this latest example of your leadership, this time in support of deserving and needy students who will help create our nation's future.

Sincerely and gratefully,

CHARLES L. CURRIE, S.J.,
President.

ASSUMPTION COLLEGE NEWS . . . DR. CHARLES L. FLYNN, JR. ENDORSES PELL GRANT LEGISLATION

WORCESTER.—Dr. Charles L. Flynn Jr., acting president and provost of Assumption College, spoke in support of Congressman James J. McGovern's Pell Grant legislation today.

Dr. Flynn remarked, ''On behalf of Assumption College, it is my pleasure to commend Congressman MCGOVERN for leading the effort to increase Pell Grants. Pell is the federal government's largest, most important program of need-based financial aid. More than any other federal program, it targets low and middle-income students.

''Congressman McGovern's proposal to create a 'Double' Pell Grant for students of high academic achievement is particularly impressive. This proposal simultaneously addresses two important national needs. First is the need to make educational opportunity available to all citizens without regard to family wealth. Second is the importance of encouraging outstanding student achievement. Congressman McGovern's legislation will help to keep the doors of higher education open to students who need financial assistance; it will also reward high school students who strive hard, learn more, and earn better grades.

''Last year, 16 percent of Assumption students who applied for financial aid were eligible to receive Pell Grants. The average award to these students was $1,500. Those Pell Grants were supplemented by other federal and state loans and grants. And by far, the largest amount of financial aid came to students and their families from the College itself. The system I am describing, therefore, is a partnership of colleges, state government, and the federal government. This partnership is essential if we are to continue to be a nation of true opportunity.

''Congressman MCGOVERN, you are playing a vital role in the Congress of the United States. At Assumption, we share your view that Congress should do more to ensure opportunity for low and middle-income students. I hope that everyone here today will send a message to our congressional leadership that the McGovern Bill is important, not only to Central Massachusetts, but also to higher education nationally.

''Higher education serves several purposes. As chief academic officer of this liberal arts college, I am particularly aware of the humanizing role of a college education. At Assumption, in reason and in faith, we prepare citizens. We prepare students for the good use of their talents, the responsible exercise of their rights, and the fulfillment of their obligations to others. That is true for our graduates at work, at home, and in the public square. In that way, too, I am keenly aware of the importance of higher education to the future of Central Massachusetts. If we are to have a community of hope and economic opportunity, we must have a highly skilled workforce. The McGovern Bill promises to keep the doors of higher education wide open, and thus to further both the noble and practical ends of our colleges and universities.''

STATEMENT OF PAUL J. LYNSKEY, DIRECTOR OF EDCENTRAL, COLLEGES OF WORCESTER CONSORTIUM

''Those of us who work with low income college bound students know that the cost of an education is often perceived as a major barrier. We need to do all that we can to encourage these students especially those with exceptional ability, to strive for their ultimate potential in higher education and beyond.''

Mr. GOODLING. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman is correct when he says it would not take from one low-income student and give to another student because it does call for a separate authorization. However, if it got the second authorization, then

the money would have to come from somewhere if they were going to appropriate it.

This is the problem we get into. The Presidential Access Scholarship Program in 1992 was designed to do just this. Now, it has never been funded. It has never been funded simply because every time we raise a Pell Grant by $100, it costs $300 million. So I rise in opposition to this amendment for that reason.

The second reason that I would bring to the House's attention is the fact that an A student here may be a B student in another school. There is no question about that. And, therefore, we could be rewarding someone who really is not doing all that well if they were in this school. But they are in this school so they are doing quite well.

And so I would rise in opposition for those two reasons and remind everyone again, if we get a separate authorization, which this would do, and then the appropriators would happen to say, ''Gee, this does not sound too bad,'' and they would appropriate, they would then have to find money elsewhere in order to do that. And so I rise in opposition to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. MCGOVERN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MCGOVERN. Mr. Speaker, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 411, further proceedings on the amendment offered by the gentleman from Massachusetts (Mr. MCGOVERN) will be postponed.

Are there further amendments to title IV?

AMENDMENT NO. 25 OFFERED BY MR. GORDON

Mr. GORDON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 25 offered by Mr. GORDON:

Page 154, beginning on line 5, strike subparagraph (F) through page 155, line 19, and insert the following:

''(F) Subject to paragraph (4), the special allowances paid pursuant to this subsection on loans made on or after July 1, 1998 for which the applicable interest rate is determined under section 427A(a) shall be computed—

''(i) by determining the bond equivalent rate of the average of the quotes as reported by the Federal Reserve of the 3-month commercial paper (financial) rate in effect for each of the days in the quarter for which the rate is being determined;

''(ii) by subtracting the applicable interest rate on such loan from such applicable bond equivalent rate;

''(iii)(I) for Stafford loans during any period in which principal need not be paid (whether or not such principal is in fact paid) by reason of provision described in section 428(b)(1)(M) or 427(a)(2)(C), by adding 1.8 percent to the resultant percent, (II) for Stafford loans during any other periods, by adding 2.39 percent to the resultant percent, or (III) or PLUS loans, by adding 3.1 percent to the resultant percent; and

''(iv) by dividing the resultant percent by 4.''.

Mr. GORDON. Mr. Chairman, there have been a number of accolades, well-deserved accolades given to the gentleman from Pennsylvania (Chairman GOODLING), the gentleman from Missouri (Mr. CLAY), the gentleman from California (Chairman MCKEON), and the gentleman from Michigan (Mr. KILDEE). As I say, those are well-deserved and I just have to say that it is just a pleasant experience tonight to see a constructive committee working on an important issue and their leadership I think is making the whole committee and the House work together. It is just hopefully a model that we can follow some more in this body. I hope we could do that in the future.

The amendment that the gentleman from Pennsylvania (Mr. KANJORSKI) and I have offered tonight will add greater efficiency to the compromise that was reached by the Committee on Education and the Workforce to address the 1998 interest rate problem. If nothing is done, the change that is set to go into effect on July 1 would destabilize the student loan program that has provided $240 billion to students over the past 30 years resulting in a $25 billion increase in the annual volume of loans for the Department of Education, which I fear such a shift to the Department could create a complete collapse of the student loan system. Then no student would be able to get a loan. And if a student could not get a loan, the interest rate does not matter.

I have concerns about the increasing volatility of the current and proposed mechanism for determining the loan interest rates, the 91-day T bill. As we all know, the budget is becoming balanced and we are looking ahead to a surplus. This has caused a reduction in the issuance of the 91-day T bill by the Treasury. In fact, the amount of 91-day T bills auctioned weekly has declined 56 percent over the past year. This volatility creates tremendous financial risk.

Mr. Chairman, this amendment would change the basis for the student loan interest rates from the 91-day T bill to an index which is a large and growing source of short-term financing, 3-month commercial paper. And though we would make this change, the rate paid by the students and returned to the lenders would be equal to the committee solution in this bill. Let me repeat, the interest rate and the rate of return would stay the same as they are in this bill.

This proposal does not hurt anyone, not students nor the government. All it will do is provide a more efficient way for lenders to finance the loans they are making. Commercial paper is a widely used index which many U.S. corporations use for short-term financing. There has been concern about this proposal incurring an additional Federal cost. I have addressed these concerns and will tell the House that the proposal actually saves money.

Mr. Chairman, for the last 8 years I have been working hard to eliminate wasteful spending in the student loan programs making them more efficient and effective. The change to commercial paper will allow lenders to use a more efficient means for financing these loans. This is a common sense proposal to ensure the longevity of our student loan program.

I have had a number of conversations with the gentleman from California (Mr. MCKEON), our committee chairman, as well as our ranking member, and I would like to take just a moment to address the gentleman and ask for his view on the commercial paper amendment.

Mr. MCKEON. Mr. Chairman, will the gentleman yield?

Mr. GORDON. I yield to the gentleman from California.

Mr. MCKEON. Mr. Chairman, I appreciate the opportunity to engage in this colloquy, and I was thinking back many months ago when the gentleman from Tennessee (Mr. GORDON) and the gentleman from Michigan (Mr. KILDEE) and I drew many of these people together to begin the process on this. Does the gentleman remember that meeting?

Mr. GORDON. Yes, sir.

Mr. MCKEON. Mr. Chairman, it has been an interesting process and it is good to be together on this part of it as we are moving this far along on the issue. And it has been a real pleasure working with the gentleman from Tennessee.

I want to thank the gentleman for his efforts to find the most efficient index for student loan interest rates. I think it is clear to everyone that indexing interest rates for these loans to the 10- or 20-year bond rate just does not work. I believe we need to ensure access to loans while reducing interest rates to students basing those loans on the most efficient index.

As we move towards conference, I am committed to working towards the inclusion of the most efficient index and examining commercial paper within that context as part of the conference report.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. GORDON. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, I too am interested in looking at commercial paper as a possible index for student loan interest rates. Unfortunately, the committee has not had enough time to thoroughly assess the gentleman's proposal. The interest rate compromise is a delicate one and any changes will have to be carefully studied.

I, along with the gentleman from California (Chairman MCKEON), will use the time between now and conference with the other body to assess the option of using commercial paper as the index.

Mr. GORDON. Mr. Chairman, reclaiming my time, I thank the gentleman from Michigan and the gentleman from California. With those encouraging words, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The CHAIRMAN. Are there further amendments to title IV.

AMENDMENT NO. 41 OFFERED BY MR. MCKEON

Mr. MCKEON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. MCKEON:

Page 161, after line 9, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(j) DELAY IN COMMENCEMENT OF REPAYMENT PERIOD.—Section 428(b(7) is amended by inserting after subparagraph (C) the following new subparagraph:

''(D) There shall be excluded from the 6 months determined under subparagraph (A)(i) any period during which the student was called or ordered to active duty in a reserve component of the Armed Forces of the United States.''.

Mr. MCKEON. Mr. Chairman, currently a student must begin repayment of his or her student loan six months after he or she ceases to take classes on at least a half-time basis. But a college student serving as a reservist may be called to active duty for more than six months, forcing him or her to begin repayment.

Mr. Chairman, it does not seem fair that a student called to serve his or her country should be forced to begin repayment, especially when they did not leave school by choice. This goes against the whole purpose of the repayment and of the six-month grace period.

The amendment which I offer, along with the gentleman from Wisconsin (Mr. KLUG) would allow those student reservists to forgo prepayment while serving on active duty. I urge all Members to support this amendment.

Mr. KILDEE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as the father of two sons in the military, I find this a very attractive amendment and I support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. MCKEON).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT NO. 14 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 14 offered by Mr. ANDREWS:

Page 156, after line 3, insert the following new section (and redesignate the succeeding sections and conform the table of contents accordingly):

SEC. 417. INCOME CONTINGENT REPAYMENT UNDER THE FFEL PROGRAM.

Part B of title IV is amended by inserting after section 427A (20 U.S.C. 1077a) the following new section:

''SEC. 427B. INCOME CONTINGENT REPAYMENT OPTION

''(a) AVAILABILITY OF OPTION.—

''(1) INDIVIDUAL LOANS.—An individual who has only one loan outstanding under this part shall, not more than 6 months prior to the date on which the borrower's first payment is due, be offered by the lender the option of repaying the loan in accordance with this section.

''(2) MULTIPLE LOANS.—An individual who has two or more loans outstanding under this part may obtain a consolidation loan under section 428C for the purposes of obtaining the option of repaying the loan in accordance with this section.

''(3) DIRECT LOANS.—An individual who has one or more loans under part D of this title may obtain income contingent repayment pursuant to section 455(e).

''(4) RESTRICTION OF OPTION TO NEW BORROWERS.—Notwithstanding paragraphs (1) through (3), the option of repaying a loan in accordance with this section shall be available only to borrowers who, on the date of enactment of this section, do not have any outstanding balance of principal or interest on any loan made under this part or part D.

''(b) TERMS OF REPAYMENT UNDER OPTION.—

''(1) LOAN OBLIGATIONS UNDER OPTION.—A loan that is subject to repayment under this section shall be repaid in installments that—

''(A) are determined in accordance with paragraph (2) for each one year period beginning on July 1; and

''(B) notwithstanding the note or other written evidence of the loan and subparagraphs (D) and (E) of section 428(b)(1), shall continue to be paid until—

''(i) the borrower has repaid the principal and any accrued or capitalized interest on the loan; or

''(ii) the remaining obligations of the borrower are discharged under subsection (c).

''(2) CALCULATION OF INSTALLMENTS.—

''(A) INSTALLMENT AMOUNTS.—The total amount that a borrower shall be required to pay as installments on a loan of such borrower that is subject to repayment under this section is equal to—

''(i) one-fourth of the annual amount determined under subparagraph (B), in the case of a loan that is repaid in quarterly installments; or

''(ii) one-twelfth of such annual amount, in the case of a loan that is repaid in monthly installments.

''(B) ANNUAL AMOUNT.—The annual amount for a loan that is subject to repayment under this section is determined for each one year period beginning on July 1 of each calendar year. The annual amount is determined by reference to the taxable income of the borrower for the taxable year ending in the calendar year preceding the calendar year in which the determination is made. The annual amount is determined in accordance with the following table:

Annual limit

If the taxable income of the borrower is—	Then the annual amount is—
Less than $20,000	3% of taxable income
$20,001–$40,000	5% of taxable income
$40,001–$60,000	7% of taxable income
$60,001–$90,000	10% of taxable income
$90,001–$120,000	15% of taxable income
$120,001 or more	20% of taxable income

''(C) SPECIAL RULE FOR JOINT RETURNS.—If an individual who is a borrower of a loan that is subject to repayment under this section files a joint return for the taxable year on which the annual amount is based, then the annual amount for such individual is determined under subparagraph (B) by treating the taxable income of such individual as equal to one-half the taxable income indicated on such joint return.

''(3) CAPITALIZATION OF UNPAID INTEREST.—If the amount that any borrower pays as an installment under paragraph (2) on a loan that is subject to repayment under this section is less than the interest that has accrued since the preceding installment, then the remaining unpaid interest shall be added, not more frequently than quarterly, to the principal amount of the loan. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on the account of the borrower.

''(c) DISCHARGE OF OBLIGATION.—

''(1) UNPAID BALANCE REMAINING AFTER 25 YEARS.—If the unpaid balance on a loan that is subject to repayment under this section has not been repaid in full at the end of 25 years of repayment, then—

''(A) the Secretary shall repay the holder of such loan such unpaid balance and the holder of the loans shall be deemed to have a contractual right, as against the United States, to receive from the Secretary such unpaid balance without administrative delay after the receipt by the Secretary of an accurate and complete request for payment; and

''(B) such payment by the Secretary shall be applied to discharge the borrower from any remaining obligation with respect to the loan.

''(2) UNPAID BALANCE.—For the purposes of paragraph (1), the unpaid balance of a loan is the sum of unpaid principal and unpaid accrued and capitalized interest, and any fees, such as late charges, assessed on such loan in accordance with the requirements of this part and the regulations thereunder.

''(e) INFORMATION NEEDED FOR COLLECTION.—

''(1) ACCESS TO TAXPAYER INFORMATION.—The Secretary may obtain such information as is reasonably necessary regarding the taxable income of a borrower (and the borrower's spouse, if applicable) of a loan that is subject to repayment under this section for the purpose of determining the installment caps under subsection (b)(2). Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under the preceding sentence only to the extent authorized by section 6103(l)(13) of such Code.

''(2) ADDITIONAL DOCUMENTS.—A borrower of a loan that is subject to repayment under this section and for whom taxable income is unavailable or does not reasonably reflect the borrower's current income, shall provide to the Secretary other documentation of income satisfactory to the Secretary.

''(3) TRANSMISSION OF DATA TO LENDERS.—The Secretary shall, by regulation, establish procedures for the transmission of data gathered under (1) and (2) to the lender or holder of a loan that is subject to repayment under this section.

''(4) NOTIFICATION TO BORROWERS.—The Secretary shall establish procedures under which a borrower of a loan that is subject to repayment under this section is notified of the terms and conditions of such loan, including notification of such borrower—

''(A) that the Internal Revenue Service will disclose to the Secretary tax return information as authorized under section 6103(l)(13) of the Internal Revenue Code of 1986; and

''(B) that if a borrower considers that special circumstances, such as a loss of employment by the borrower or the borrower's spouse, warrant an adjustment in the borrower's loan repayment as determined using

the information described in subparagraph (A), or the alternative documentation described in paragraph (2), the borrower may contact the Secretary, who shall determine whether such adjustment is appropriate, in accordance with criteria established by the Secretary.

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

''(1) TAXABLE INCOME.—The taxable income of a borrower is determined in the manner provided in section 63 of the Internal Revenue Code of 1986.

''(2) TAXABLE YEAR.—The term 'taxable year' means the taxable year of a taxpayer for purposes of subtitle A of such Code.''.

Page 204, after line 5, insert the following new section (and redesignate the succeeding sections and conform the table of contents accordingly):

SEC. 438. INCOME CONTINGENT REPAYMENT UNDER THE FEDERAL DIRECT LOAN PROGRAM.

Section 455(e) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)) is amended to read as follows:

''(e) PARALLEL INCOME CONTINGENT REPAYMENT.—

''(1) IN GENERAL.—The Secretary shall offer borrowers under this part the option of repaying their loans in the same manner as loans that are subject to repayment in accordance with section 427B.

''(2) EXCEPTIONS.—The Secretary shall prescribe any regulations necessary to implement the requirements of paragraph (1).''.

Mr. ANDREWS. Mr. Chairman, this is the second amendment I am offering on the issue of income-contingent or income-sensitive loans. Let me say at the outset, and pursuant to my discussion with the subcommittee staff of the gentleman from California (Mr. MCKEON), I intend to simply explain the concept and ask for unanimous consent to withdraw it, based upon the assumption we can continue talking about this basic idea.

First, I wish to reiterate my appreciation for the acceptance of the first amendment on this subject. I think it gives us an excellent base on which to build. The purpose of this second amendment is to build on that base by specifying two things. One is that I believe that loans under the FFEL program should also have the income-contingent loan feature without consolidation, as this bill would now call for. And second, I believe in a different structure of income-sensitive repayment. I think there should be a specific gradation where the student's income is then tied to a percentage repayment.

My proposal calls for students making a taxable income of $20,000 or less to pay 3 percent of their income as their repayment. Students making $40,000 or less and down to $20,000, to pay 5 percent, and have similar gradations beyond that.

I believe that when this issue is fully scored by the Congressional Budget Office, it will show a very, very nominal cost, and yet have a great benefit for students as it will permit them to repay their loans in rising payments as their incomes rise. I believe another benefit of this proposal will be a substantial reduction in loan defaults. This is because the obligation of the student to pay will be more closely tied to the ability of the student to pay.

Mr. Chairman, I am aware of the fact that there are jurisdictional and budgetary issues that need to be discussed. I also know there are some substantive disagreements, but I did want to get on the record my adherence to this principle. Again, I express my appreciation for the adoption of the basic idea and amendment in No. 16.

Mr. MCKEON. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. I yield to the gentleman from California.

Mr. MCKEON. Mr. Chairman, I want to thank the gentleman for presenting his amendment, and withdrawing it, and we will continue to work on that issue.

Mr. ANDREWS. Mr. Chairman, reclaiming my time, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT NO. 39 OFFERED BY MR. KLINK

Mr. KLINK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 39 offered by Mr. KLINK:

Page 164, after line 25, insert the following new subsections:

(t) NOTICE TO INSTITUTIONS OF DEFAULTS.—

(1) ADMINISTRATIVE AND FISCAL PROCEDURES.—Section 428(c)(2)(A) is amended by striking ''proof that reasonable attempts were made'' and inserting ''proof that the institution and the State licensing board were contacted and other reasonable attempts were made''

(2) REIMBURSEMENT.—Section 428(c)(2)(G) (20 U.S.C. 1078(c)(2)(G)) is amended by striking ''certifies to the Secretary that diligent attempts have been made'' and inserting ''demonstrates to the Secretary that diligent attempts, including direct contact with the institution and the State licensing board, have been made.''.

(3) NOTICE TO SECRETARY AND PAYMENT OF LOSS.—The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting ''the institution and the State licensing board were contacted and other'' after ''submit proof that''.

MODIFICATION TO AMENDMENT NO. 39 OFFERED BY MR. KLINK

Mr. KLINK. Mr. Chairman, I ask unanimous consent that the modifications that we have at the desk be included in my amendment.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment No. 39 offered by Mr. KLINK:

Page 164, after line 25, insert the following new subsection:

(t) NOTICE TO INSTITUTIONS OF DEFAULTS.—

(1) ADMINISTRATIVE AND FISCAL PROCEDURES.—Section 428(c)(2)(A) is amended by striking ''proof that reasonable attempts were made'' and inserting ''proof that the institution was contacted and other reasonable attempts were made''.

(2) REIMBURSEMENT.—Section 428(c)(2)(G) (20 U.S.C. 1078(c)(2)(G)) is amended by striking ''certifies to the Secretary that diligent attempts have been made'' and inserting ''demonstrates to the Secretary that diligent attempts, including direct contact with the institution have been made.''.

(3) NOTICE TO SECRETARY AND PAYMENT OF LOSS.—The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting ''the institution was contacted and other'' after ''submit proof that''.

Mr. KLINK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Is there objection to the modification to the amendment offered by the gentleman from Pennsylvania?

There was no objection.

□ 2315

Mr. KLINK. Mr. Chairman, for my friend, we have taken out the line about the State licensing boards. That was the agreement that we had on the amendment. This is simply to say that before the loan goes into default that we should have some communications, that the school should be notified by the guaranty agency.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. KLINK. I yield to my friend, the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we accept the amendment.

Mr. KLINK. Mr. Chairman, I thank the gentleman. I always learned that when the jury starts nodding their heads, you stop talking.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. KLINK).

The amendment was agreed to.

AMENDMENT NO. 40 OFFERED BY MR. KLINK

Mr. KLINK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 40 offered by Mr. KLINK:

Page 177, after line 1, insert the following new subparagraph (and redesignate the succeeding subparagraph accordingly):

(A) by striking ''for the fiscal year for which the determination is made and for the two succeeding fiscal years'' and inserting ''for the period determined under subparagraph (D);

Page 177, after line 14, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

(3) by adding at the end of paragraph (2) the following new subparagraph:

''(D) An institution that is ineligible to participate pursuant to a determination under paragraph (A) shall be ineligible for a period beginning with the fiscal year for which the determination is made and ending on the earlier of—

''(1) the expiration of the two succeeding fiscal years; or

''(1) the date on which the final cohort default rates published with respect to such institution are less than the threshold percentage specified in subparagraph (B) for any two of the three most recent fiscal years for which data are available.'';

Mr. KLINK. Again, I really want to commend both chairmen for the wonderful work that they have done, and the ranking members, too.

This is another common sense, I think a good government reform amendment to the student loan program. I think it will save money. I think it will reduce student loan defaults and help maintain student access to educational resources.

This amendment is a little more complex. Currently, an institution of higher education would become ineligible for participation in the student loan program if it has three consecutive annual default rates over 25 percent. That is very good. There really has to be some accountability for the schools that cannot manage their default rates. They should be held accountable.

An institution currently can regain its eligibility after 2 years if it has one default rate under 25 percent during that period. I do not think that is really enough incentive for schools to really make a commitment to default management.

This amendment would offer another path for those schools to regain their eligibility. If an ineligible institution can post two default rates under 25 percent, it would then regain its eligibility regardless of the time it has been ineligible. I want emphasis put on the rates, not on the time served. We really want to bring the rates down.

The CBO has scored this amendment as having a very minimal cost. Let me say this for the budget conscious: We think that providing an incentive for schools to lower their default rate would mean better management and fewer defaults, which would mean savings, I believe. This amendment will, in fact, save money in the long run, and I would urge my colleagues to support it.

I understand that the majority, if we would withdraw this amendment, would work with us on this in conference. If that is the case, I would yield to the gentleman from Pennsylvania (Mr. GOODLING), the chairman, to see if that is the agreement we have. If we could work with the gentleman in conference on this, I would then withdraw the amendment.

Mr. GOODLING. Mr. Chairman, if the gentleman will yield, we would be very happy to work with the gentleman on this.

Mr. KLINK. Mr. Chairman, I thank the gentleman. He is a gentleman, a scholar, and a great friend from Pennsylvania, and I am happy to work with him.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

AMENDMENT NO. 13 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 13 offered by Mr. ANDREWS:

Page 154, line 18 strike ''2.8 percent'' and insert ''2.3 percent''.

Page 155, strike lines 2 and 3 and insert the following:

paragraph shall be applied by substituting '1.7 percent' for '2.3 percent.'

In clause (iv) as amended by the Manager's amendment to page 155, lines 12 though 23, relating to consolidation loans, strike ''for 2.8 percent', subject'' and insert ''for 2.3 percent', subject''.

Mr. ANDREWS. Mr. Chairman, this Congress, working with President Clinton and Vice-President GORE and Secretary Riley and the Department of Education, I think has built a laudable record of achievement in higher education. The Hope Scholarship tax credits that were enacted last year are a matter that is benefiting millions of families across the country. Virtually every family in my district has the opportunity to benefit from it in one way or the other.

Working with this committee and this Congress, Pell grants are at their highest level ever. More students are benefiting from Pell grants, and those students who benefit are benefiting at a higher level.

We have been able to enact and improve work-study programs and national service and many, many other areas. The administration and the Congress, I believe, have an exemplary record also in the area of student loans. Loan default costs have fallen precipitously.

I think Members of both parties and this committee deserve a lot of credit for that, working with the Department of Education. It is with that context in mind that I think the administration's proposal on the interest rate issue merits some consideration.

I realize that the gentleman from California (Mr. MCKEON) and the gentleman from Michigan (Mr. KILDEE) and the gentleman from Pennsylvania (Mr. GOODLING) and other leaders of this committee have worked to construct a very delicate balance on this compromise. For that reason, it is not my intention to press this matter for a vote at this time. It is, in fact, my intention to ask for unanimous consent to withdraw the amendment at the conclusion of these remarks.

But I do believe, and I think that belief is shared by many others in this body, that the administration's proposal of the subsidy number, which is the 91-day T-bill rate plus 1.7 percent for in-school interest and 2.3 percent for out-of-school interest, is a better number. That truly represents the level at which this program could operate efficiently for the lenders, profitably for the lenders, at a lower cost for the students, and perhaps most importantly, at a lower cost for the taxpayer.

I would repeat an admonition that the gentleman from South Carolina (Mr. SPRATT) made earlier this evening, that some of us have also embraced, that there is a lingering question as to how this compromise would be paid for.

I fully respect and appreciate the long-standing effort that the leadership of this committee has made to construct this compromise. It is not my desire to upset it or to be unduly critical of it.

I do wish to go on record, though, that I believe the administration position is the right one. As we proceed in negotiations with the other body and the administration, I would hope that we continue to have an open mind about this. With the intention of withdrawing the amendment, I would yield to either the full or subcommittee chairman at this point.

Mr. MCKEON. Mr. Chairman, if the gentleman will yield, I would be happy to discuss this just shortly with the gentleman from New Jersey. I wish we had the wisdom of Solomon.

Mr. ANDREWS. Does the gentleman mean the chairman of the Committee on Rules?

Mr. MCKEON. Yes, that is exactly who I was speaking about.

Mr. Chairman, I wish I could say this is a perfect number, but we talk about banks and we talk about lending institutions, and each of them has a different profit margin. Some of them this will drive out. Some of them will be able to stay in. Some we could go to a lower number and still keep some in and drive some out.

I think what we really need to look at is where is the risk. I guess the driving pitfall for me has been we need to protect the students. My concern is, as we drive banks out of the system, the ones that will get hurt first will be the students that need the help the most.

I looked at weighing the risk. If you put the risk here, if we put the number a little bit too high, the risk is that some banks will make a little bit extra profit and pay a little bit more taxes; whereas if we put the number too low and drive banks out, some of those students that rely heavily on this, that are maybe not the 18 or 19-year-old students, but there are some that come back that have been out in the workplace and now come back, they are going to community colleges or going to proprietary schools or going to night school, they really need that loan or they really need that help. They are the ones I am most concerned about in this process.

Mr. ANDREWS. Mr. Chairman, reclaiming my time, I freely acknowledge and commend both the gentleman from Pennsylvania (Mr. GOODLING), the committee chairman, and the gentleman from California (Mr. MCKEON), the subcommittee chairman, for making significant reductions in payments to both lenders and guaranty agencies in this and prior bills.

They certainly recognize the ability to have efficiencies. We may disagree about where that efficiency lies, but I

certainly respect the effort and appreciate the time.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT NO. 12 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer one more amendment listed as No. 12.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 12 offered by Mr. ANDREWS:

Page 153, before line 13, insert the following new subsection (and redesignate the succeeding subsections accordingly):

''(b) CONSOLIDATION LOANS.—Notwithstanding any provision of subsection (a), with respect to any consolidation loan made under section 428C for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

''(2) 2.3 percent, except that such rate shall not exceed 8.25 percent.

Mr. ANDREWS. Mr. Chairman, there is an issue here as to the interest rate that students pay when they consolidate their loans, when they consolidate their direct loans in this case. The question is whether or not the students should pay a blended rate, which is to say the rate of all of the loans that he or she is consolidating, averaged and blended in as a weighted average, or whether the students should pay the interest rate paid on newly issued direct loans.

I believe that the students should pay the interest rate on newly issued direct loans. I do not believe there is a significant cost consideration here. I think that this is effectively a benefit to students in this way.

If interest rates in the long term continue to moderate or even drop, as we have been fortunate to see in the last 3 or 4 years, I think students should get the benefit of that. I think if rates dropped, then students who consolidate their loan should get the same kind of benefit that homeowners get when they refinance their home mortgage.

I understand that there are some issues of parity between the FFEL Program and the direct loan program. I frankly would like to see those issues resolved by giving persons who consolidate an FFEL loan the same low rate that students who consolidate direct loans get. I think this parity matter should be resolved in favor of the students rather than the lenders or the government.

Having said that, I understand there are issues respecting the pay-as-you-go rules here. I also understand the desire to promote the continuing parity between the direct loan and guaranty loan programs.

With the understanding that this also is an issue that is open to continued discussion among those of us in this House, the Senate, the Department of Education and the administration, it would be my intention to withdraw this amendment.

Mr. Chairman, I am happy to yield to the subcommittee chairman or full committee chairman at this time.

Mr. McKEON. Mr. Chairman, I gave my speech last time, and I would just like to thank the gentleman for his presentation and for withdrawing his amendment.

Mr. ANDREWS. Would the gentleman like to accept the amendment?

Mr. McKEON. My colleague heard me. I thank the gentleman for withdrawing the amendment.

Mr. ANDREWS. I appreciate the gentleman's indulgence.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Are there further amendments to title IV?

The Clerk will designate title V.

The text of title V is as follows:

TITLE V—DEVELOPING INSTITUTIONS

SEC. 501. ESTABLISHMENT OF NEW TITLE V.

Title V is amended to read as follows:

''TITLE V—DEVELOPING INSTITUTIONS

''PART A—HISPANIC-SERVING INSTITUTIONS

''SEC. 501. PROGRAM AUTHORIZED.

''The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

''SEC. 502. ELIGIBILITY; DEFINITIONS.

''(a) DEFINITIONS.—For the purpose of this part:

''(1) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' means an institution of higher education which—

''(A) is an eligible institution;

''(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

''(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

''(2) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

''(A) an institution of higher education—

''(i) which has an enrollment of needy students as required by subsection (b) of this section;

''(ii) except as provided in section 522(b), the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

''(iii) which is—

''(I) legally authorized to provide, and provides within the State, an educational program for which such institution awards a bachelor's degree; or

''(II) a junior or community college;

''(iv) which is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or which is, according to such an agency or association, making reasonable progress toward accreditation;

''(v) which meets such other requirements as the Secretary may prescribe; and

''(vi) which is located in a State; and

''(B) any branch of any institution of higher education described under subparagraph (A) which by itself satisfies the requirements contained in clauses (i) and (ii) of such subparagraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under subparagraph (A)(i) shall be given twice the weight of the factor described under subparagraph (A)(ii).

''(3) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

''(4) FULL-TIME EQUIVALENT STUDENTS.—The term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by 12) at such institution.

''(5) JUNIOR OR COMMUNITY COLLEGE.—The term 'junior or community college' means an institution of higher education—

''(A) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

''(B) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

''(C) that—

''(i) provides an educational program of not less than 2 years that is acceptable for full credit toward such a degree, or

''(ii) offers a 2-year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

''(6) EDUCATIONAL AND GENERAL EXPENDITURES.—For the purpose of this part, the term 'educational and general expenditures' means the total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

''(7) ENDOWMENT FUND.—For the purpose of this part, the term 'endowment fund' means a fund that—

''(A) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

''(B) is maintained for the purpose of generating income for the support of the institution; and

''(C) does not include real estate.

''(b) ENROLLMENT OF NEEDY STUDENTS.—For the purpose of this part, the term 'enrollment of needy students' means an enrollment at an institution of higher education or a junior or community college which includes—

''(1) at least 50 percent of the degree students so enrolled who are receiving need-based assistance under title IV of this Act in the second fiscal year preceding the fiscal year for which the

determination is being made (other than loans for which an interest subsidy is paid pursuant to section 428), or

''(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this subdivision is waived under section 522(a).

''SEC. 503. AUTHORIZED ACTIVITIES.

''(a) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this part shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

''(b) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

''(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

''(3) support of faculty exchanges, faculty development, curriculum development, academic instruction, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

''(5) tutoring, counseling, and student service programs designed to improve academic success;

''(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

''(7) joint use of facilities, such as laboratories and libraries;

''(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

''(9) establishing or improving an endowment fund;

''(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services;

''(11) establishing or enhancing a program of teacher education designed to qualify students to teach in public elementary and secondary schools;

''(12) establishing community outreach programs which will encourage elementary and secondary school students to develop academic skills and the interest to pursue postsecondary education;

''(13) improving and expanding graduate and professional opportunities for Hispanic students; and

''(14) other activities proposed in the application submitted pursuant to section 504 that—

''(A) contribute to carrying out the purposes of this section; and

''(B) are approved by the Secretary as part of the review and acceptance of such application.

''(c) ENDOWMENT FUND LIMITATIONS.—

''(1) PORTION OF GRANT.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

''(2) MATCHING REQUIRED.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

''(3) REGULATIONS.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.

''SEC. 504. APPLICATION PROCESS.

''(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution, along with such other information and data as the Secretary may by regulation require.

''(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under subsection (a)) may submit an application for assistance under this section to the Secretary. Such application shall include—

''(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

''(2) such other information and assurance as the Secretary may require.

''(c) PRIORITY.—The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization having demonstrated effectiveness to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

''(d) SPECIAL RULE.—For the purposes of this part, no Hispanic-serving college or university which is eligible for and receives funds under this part may concurrently receive other funds under title III.

''SEC. 505. DURATION OF GRANT.

''(a) AWARD PERIOD.—The Secretary may award a grant to an eligible institution under this part for 5 years, except that no institution shall be eligible to secure a subsequent 5-year grant award under this part until two years have elapsed since the expiration of its most recent 5-year grant award.

''(b) LIMITATIONS.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under section 524(a)(1) shall not be considered a grant under this part.

''(c) PLANNING GRANTS.—Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of preparation of plans and applications for a grant under this part.

''PART B—GENERAL PROVISIONS

''SEC. 521. APPLICATIONS FOR ASSISTANCE.

''(a) APPLICATIONS.—

''(1) APPLICATIONS REQUIRED.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

''(A) the application meets the requirements of subsection (b);

''(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

''(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

''(2) PRELIMINARY APPLICATIONS.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.

''(b) CONTENTS.—An institution, in its application for a grant, shall—

''(1) set forth, or describe how the institution will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

''(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 503, and in no case supplant those funds;

''(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

''(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

''(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title and the Government Performance and Results Act, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

''(6) provide that the institution will comply with the limitations set forth in section 526;

''(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

''(A) a description of the various components of the proposed project, including the estimated time required to complete each such component;

''(B) in the case of any development project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the development project (as specified by the applicant);

''(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

''(D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

''(E) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (D); and

''(8) include such other information as the Secretary may prescribe.

''(c) PRIORITY CRITERIA PUBLICATION REQUIRED.—The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, United States Code, all policies and procedures required to exercise the authority set forth in subsection (a). No other criteria, policies, or procedures shall apply.

''(d) ELIGIBILITY DATA.—The Secretary shall use the most recent and relevant data concerning the number and percentage of students receiving need-based assistance under title IV of this Act in making eligibility determinations and shall advance the base-year forward following each annual grant cycle.

"SEC. 522. WAIVER AUTHORITY AND REPORTING REQUIREMENT.

''(a) WAIVER REQUIREMENTS; NEED-BASED ASSISTANCE STUDENTS.—The Secretary may waive the requirements set forth in section 502(a)(2)(A)(i) in the case of an institution—

''(1) which is extensively subsidized by the State in which it is located and charges low or no tuition;

''(2) which serves a substantial number of low-income students as a percentage of its total student population;

''(3) which is contributing substantially to increasing higher education opportunities for educationally disadvantaged, underrepresented, or minority students, who are low-income individuals;

''(4) which is substantially increasing higher educational opportunities for individuals in rural or other isolated areas which are unserved by postsecondary institutions; or

''(5) wherever located, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of Hispanic Americans.

''(b) WAIVER DETERMINATIONS; EXPENDITURES.—(1) The Secretary may waive the requirements set forth in section 502(a)(2)(A)(ii) if the Secretary determines, based on persuasive evidence submitted by the institution, that the institution's failure to meet that criterion is due to factors which, when used in the determination of compliance with such criterion, distort such determination, and that the institution's designation as an eligible institution under part A is otherwise consistent with the purposes of such part.

''(2) The Secretary shall submit to the Congress every other year a report concerning the institutions which, although not satisfying the criterion contained in section 502(a)(2)(A)(ii), have been determined to be eligible institutions under part A institutions which enroll significant numbers of Black American, Hispanic, Native American, Asian American, or Native Hawaiian students under part A, as the case may be. Such report shall—

''(A) identify the factors referred to in paragraph (1) which were considered by the Secretary as factors that distorted the determination of compliance with section 502(a)(2)(A)(ii); and

''(B) contain a list of each institution determined to be an eligible institution under part A including a statement of the reasons for each such determination.

"SEC. 523. APPLICATION REVIEW PROCESS.

''(a) REVIEW PANEL.—All applications submitted under this title by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

''(2) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

''(A) an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

''(B) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

''(b) RECOMMENDATIONS OF PANEL.—In awarding grants under this title, the Secretary shall take into consideration the recommendations of the panel made under subsection (a).

''(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this title of—

''(1) the scores given the applicant by the panel pursuant to this section;

''(2) the recommendations of the panel with respect to such application; and

''(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this title, and any modifications, if any, in the recommendations of the panel made by the Secretary.

"SEC. 524. COOPERATIVE ARRANGEMENTS.

''(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title for the activities described in section 503 so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such part and avoid costly duplicative efforts and to enhance the development of part A eligible institutions.

''(b) PRIORITY.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

''(c) DURATION.—Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 505.

"SEC. 525. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

''(a) ASSISTANCE ELIGIBILITY.—Each institution which the Secretary determines to be an institution eligible under part A may be eligible for waivers in accordance with subsection (b).

''(b) WAIVER APPLICABILITY.—(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

''(2) The provisions of this section shall apply to any program authorized by title IV or VII of this Act.

''(c) LIMITATION.—The Secretary shall not waive, under subsection (b), the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more than 10 percent of the appropriations for the program for any fiscal year.

"SEC. 526. LIMITATIONS.

The funds appropriated under section 528 may not be used—

''(1) for a school or department of divinity or any religious worship or sectarian activity;

''(2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;

''(3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or

''(4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

"SEC. 527. PENALTIES.

Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both.

"SEC. 528. AUTHORIZATIONS OF APPROPRIATIONS.

''(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out part A, $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(b) USE OF MULTIPLE YEAR AWARDS.—In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.''.

The CHAIRMAN. Are there amendments to title V?

AMENDMENT NO. 57 OFFERED BY MR. CLAY

Mr. CLAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 57 offered by Mr. CLAY:

Page 271, strike line 14 and insert the following:

''(A)(i) is an eligible institution; or

''(ii) is an institution of higher education (as such term is defined in section 101(a)(2)) that provides a 4-year baccalaureate program, is regionally accredited, and serves at least 1,500 Hispanic students;

Mr. CLAY. Mr. Chairman, this is an amendment offered by the gentleman from New York (Mr. SERRANO) which would expand the definition of Hispanic serving institutions. I understand that the majority is willing to accept the amendment, so I will leave it at that.

Mr. GOODLING. Mr. Chairman, will the gentleman yield to me?

Mr. CLAY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. CLAY).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

The Clerk will designate title VI.

The text of title VI is as follows:

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

(a) STATUTORY STRUCTURE.—Title VI is amended—

(1) by striking

"PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES"

and inserting the following:

"PART A—INTERNATIONAL EDUCATION

"Subpart 1—International and Foreign Language Studies";

(2) by striking

"PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS"

and inserting the following:

"Subpart 2—Business and International Education Programs";

(3) by striking

"PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY"

and inserting the following:

"Subpart 3—Institute for International Public Policy"; and

(4) by striking

"PART D—GENERAL PROVISIONS"

and inserting the following:

"Subpart 4—General Provisions".

(b) FINDINGS AND PURPOSES.—Section 601 (20 U.S.C. 1121) is amended to read as follows:

"SEC. 601. FINDINGS AND PURPOSES.

''(a) FINDINGS.—The Congress finds as follows:

''(1) The security, stability, and economic vitality of the United States in a complex global era depend upon American experts in and citizens knowledgeable about world regions, foreign languages and international affairs, as well as on a strong research base in these areas.

''(2) Advances in communications technology and the growth of regional and global problems make knowledge of other countries and the ability to communicate in other languages more essential to the promotion of mutual understanding and cooperation among nations and their peoples.

''(3) Dramatic post-Cold War changes in the world's geopolitical and economic landscapes are creating needs for American expertise and knowledge about a greater diversity of less commonly taught foreign languages and nations of the world.

''(4) Systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States and to encourage a broader cross-section of institutions of higher education to develop and expand programs for producing graduates with international and foreign language expertise and knowledge, and research on such areas, in a variety of disciplines and at all levels of graduate and undergraduate education.

''(5) Cooperative efforts among the Federal Government, institutions of higher education, and the private sector are necessary to promote the generation and dissemination of information about world regions, foreign languages, and international affairs throughout education, government, business, civic, and nonprofit sectors in the United States.

''(b) PURPOSES.—The purposes of this part are—

''(1)(A) to support centers, programs and fellowships in institutions of higher education in the United States for producing increased numbers of trained personnel and research in foreign languages, area and other international studies;

''(B) to develop a pool of international experts to meet national needs;

''(C) to develop and validate specialized materials and techniques for foreign language acquisition and fluency, emphasizing (but not limited to) the less commonly taught languages;

''(D) to promote access to research and training overseas; and

''(E) to advance the internationalization of a variety of disciplines throughout undergraduate and graduate education;

''(2) to support cooperative efforts promoting access to and the dissemination of international and foreign language knowledge, teaching materials and research throughout education, government, business, civic and nonprofit sectors in the United States through the use of advanced technologies; and

''(3) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education and research.''.

(c) GRADUATE AND UNDERGRADUATE NATIONAL RESOURCE CENTERS.—

(1) NATIONAL RESOURCE CENTERS.—Section 602(a) (20 U.S.C. 1122(a)) is amended—

(A) in the heading, by striking ''NATIONAL LANGUAGE AND AREA CENTERS AUTHORIZED'' and inserting ''NATIONAL RESOURCE CENTERS FOR FOREIGN LANGUAGE AND AREA OR INTERNATIONAL STUDIES AUTHORIZED'';

(B) in paragraph (1)(A), by striking ''comprehensive language and area centers'' and inserting ''comprehensive foreign language and area or international studies centers'';

(C) in paragraph (1)(B), by striking ''language and area centers'' and inserting ''foreign language and area or international studies centers''; and

(D) by striking paragraph (2) and inserting the following:

''(2) AUTHORIZED ACTIVITIES.—

''(A) IN GENERAL.—Any grant made under paragraph (1) may be used to pay all or part of the cost of establishing or operating a center or program, in accordance with this subsection.

''(B) MANDATORY ACTIVITIES.—Activities to be conducted by centers assisted under this subsection shall include—

''(i) support for the instruction of foreign languages and the offering of courses in a variety of nonlanguage disciplines that cover the center's subject area or topic, and the incorporation of such instruction in baccalaureate and graduate programs of study in a variety of disciplinary, interdisciplinary, or professional fields;

''(ii) support for teaching and research materials, including library acquisitions, in the center's subject area or topic;

''(iii) programs of outreach or linkage with State and local educational agencies, postsecondary education institutions at all levels, professional schools, government, business, media, or the general public; and

''(iv) program coordination and development, curriculum planning and development, and student advisement.

''(C) PERMISSIBLE ACTIVITIES.—Activities to be conducted by centers assisted under this subsection may include—

''(i) support for the creation of faculty positions in disciplines that are underrepresented in the center's instructional program;

''(ii) establishment and maintenance of linkages with overseas institutions of higher education for the purpose of contributing to the teaching and research of the center;

''(iii) support for bringing visiting scholars and faculty to the center to teach or conduct research;

''(iv) professional development of the center's faculty and staff;

''(v) projects conducted in cooperation with other National Resource Centers addressing themes of world regional, cross-regional, international, or global importance;

''(vi) summer institutes in the United States or abroad designed to provide language and area training in the center's field or topic; and

''(vii) support for faculty, staff, and student travel in foreign areas, regions, or countries, and for the development and support of educational programs abroad for students.''.

(2) GRADUATE FELLOWSHIPS; EXPENSE LIMITATIONS.—Section 602 is further amended by striking subsections (b) and (c) and inserting the following:

''(b) GRADUATE FELLOWSHIPS FOR FOREIGN LANGUAGE AND AREA OR INTERNATIONAL STUDIES.—

''(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying fellowships to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

''(2) ELIGIBLE STUDENTS.—Students receiving fellowships described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program, including predissertation level studies, preparation for dissertation research, dissertation research abroad, and dissertation writing.

''(c) RULES WITH RESPECT TO EXPENSES.—

''(1) UNDERGRADUATE TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

''(2) GRADUATE DEPENDENT AND TRAVEL EXPENSES.—Fellowships awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.''.

(d) LANGUAGE RESOURCE CENTERS.—Section 603(a) (20 U.S.C. 1123(a)) is amended—

(1) by striking paragraph (5) and inserting the following:

''(5) a significant focus on the teaching and learning needs of the less commonly taught languages, including an assessment of the strategic needs, the determination of ways to meet those needs nationally, and the publication and dissemination of instructional materials in the less commonly taught languages;'';

(2) by striking the period at the end of paragraph (6) and inserting ''; and''; and

(3) by inserting after paragraph (6) the following new paragraph:

''(7) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.''.

(e) UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—Section 604 (20 U.S.C. 1124) is amended—

(1) in the heading of subsection (a), by striking ''INCENTIVES'' and all that follows through ''PROGRAMS'' and inserting ''PROGRAM INCENTIVES'';

(2) in subsection (a)(1)—

(A) by striking ''or combinations of such institutions'' in the first sentence and inserting '', combinations of such institutions, or partnerships between nonprofit educational organizations and such institutions,'';

(B) by striking ''a program'' and inserting ''programs''; and

(C) by striking the second sentence and inserting the following: ''Such grants shall be awarded for the purpose of seeking to create new programs or to strengthen existing programs in undergraduate area studies, foreign languages, and other international fields.'';

(3) by striking paragraphs (2) and (3) and inserting the following:

''(2) USE OF FUNDS.—Grants made under this section may be used for Federal share of the cost of projects and activities which are an integral part of such a program, such as—

''(A) planning for the development and expansion of programs in undergraduate international studies, and foreign languages and the internationalization of undergraduate education;

''(B) teaching, research, curriculum development, and other related activities;

''(C) training of faculty members in foreign countries;

''(D) expansion of existing and development of new opportunities for learning foreign languages, including the less commonly taught languages;

''(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

''(F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and postbaccalaureate programs or institutions;

''(G) the development of an international dimension in preservice and inservice teacher training;

''(H) the development of undergraduate educational programs in locations abroad where such opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to oncampus foreign language and international curricula;

''(I) the integration of new and continuing education abroad opportunities for undergraduate students into curricula of specific degree programs;

''(J) the development of model programs to enrich or enhance the effectiveness of educational programs abroad, including predeparture and postreturn programs, and the integration of educational programs abroad into the curriculum of the home institution;

''(K) the expansion of library and teaching resources;

''(L) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

''(M) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

''(N) the conduct of summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

''(O) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge and skills; and

''(P) the use of innovative technology to increase access to international education programs.

''(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided in cash from the private sector corporations or foundations in an amount equal to one-third of the total requested grant amount, or may be provided as in-cash or in-kind contribution from institutional and non-institutional funds, including State and private sector corporation or foundation contributions, equal to one-half of the total requested grant amount.'';

(4) by adding at the end of subsection (a) the following new paragraphs:

''(5) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for title III-eligible institutions which have submitted a grant application under this section.

''(6) EVALUATION CRITERIA AND REPORT.—As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.'';

(5) by striking subsection (b);

(6) by redesignating subsection (c) as subsection (b); and

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

''(c) FUNDING SUPPORT.—The Secretary may use no more than 10 percent of the total amount appropriated for this title, other than amounts appropriated for part D, for carrying out the purposes of this section.'';

(f) INTENSIVE SUMMER LANGUAGE INSTITUTES.—Section 605 (20 U.S.C. 1124a) is repealed.

(g) RESEARCH; STUDIES; ANNUAL REPORT.—Section 606(a) (20 U.S.C. 1125(a)) is amended—

(1) in paragraph (4), by inserting before the semicolon at the end the following: '', area studies, or other international fields'';

(2) by striking ''and'' at the end of paragraph (5);

(3) by striking the period at the end of paragraph (6) and inserting ''; and''; and

(4) by inserting after paragraph (6) the following new paragraph:

''(7) studies and surveys of the uses of technology in foreign language, area and international studies programs.'';

(h) PERIODICALS.—Section 607 (20 U.S.C. 1125a) is amended to read as follows:

''SEC. 607. TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.

''(a) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, public or nonprofit private library institutions, or consortia of such institutions, to develop innovative techniques or programs using new electronic technologies to collect, organize, preserve and widely disseminate information on world regions and countries other than the United States that address the nation's teaching and research needs in international education and foreign languages.

''(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used—

''(1) to facilitate access to or preserve foreign information resources in print or electronic forms;

''(2) to develop new means of immediate, full-text document delivery for information and scholarship from abroad;

''(3) to develop new means of shared electronic access to international data;

''(4) to support collaborative projects of indexing, cataloging, and other means of bibliographic access for scholars to important research materials published or distributed outside the United States;

''(5) to develop methods for the wide dissemination of resources written in non-Roman language alphabets;

''(6) to assist teachers of less commonly taught languages in acquiring, via electronic and other means, materials suitable for classroom use; and

''(7) to promote collaborative technology based projects in foreign languages, area and international studies among grant recipients under this title.

''(c) APPLICATION.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

''(d) MATCH REQUIRED.—The Federal share of the total cost of carrying out a program supported by a grant under this section shall not be more than 66⅔ percent. The non-Federal share of such cost may be provided either in-kind or in cash, and may include contributions from private sector corporations or foundations.''.

(i) DEVELOPMENT GRANTS.—Section 610 (20 U.S.C. 1127) is amended by adding at the end the following new subsection:

''(d) DEVELOPMENT GRANTS AUTHORIZED.—The Secretary is encouraged to consider the establishment of new centers, and may use at least 10 percent of the funds available for this section to make grants for the establishment of such new centers.''.

(j) AUTHORIZATION OF APPROPRIATIONS.—Section 610A (20 U.S.C. 1128) is amended by striking ''1993'' and inserting ''1999''.

(k) CONFORMING AMENDMENT.—Title VI is further amended by redesignating sections 606, 607, 608, 609, 610, and 610A as sections 605 through 610, respectively.

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—Section 612 (20 U.S.C. 1130–1) is amended—

(1) in subsection (c)(1)(B), by striking ''advanced'';

(2) in subsection (c)(1)(C), by striking ''evening or summer programs,'' and inserting ''programs''; and

(3) in subsection (d)(2)(G), by inserting before the period at the end the following: '', such as a representative of a community college in the region served by the center''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 614 (20 U.S.C. 1130b) is amended by striking ''1993'' each place it appears and inserting ''1999''.

(c) TECHNICAL AMENDMENT.—The heading of section 611 (20 U.S.C. 1130) is amended to read as follows:

''SEC. 611. FINDINGS AND PURPOSES.''.

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

(a) MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.—Section 621(e) (20 U.S.C. 1131(e)) is amended by striking ''one-fourth'' and inserting ''one-half''.

(b) JUNIOR YEAR AND SUMMER ABROAD PROGRAM.—Section 622 (20 U.S.C. 1131a) is amended—

(1) in the heading of such section, by inserting ''**AND SUMMER**'' after ''**YEAR**'';

(2) in subsection (a)—

(A) by striking ''shall conduct'' and inserting ''is authorized to conduct'';

(B) by inserting ''and summer'' after ''junior year'' each place it appears in the first and second sentences;

(C) by inserting ''in a junior year abroad program'' after ''Each student'' in the last sentence;

(3) in subsection (b)(2), by inserting ''or summer'' after ''junior year''; and

(4) in subsection (c)—

(A) by inserting ''or summer abroad program'' after ''junior year abroad program'' each place it appears; and

(B) by striking ''abroad or internship'' and inserting ''abroad, summer abroad, or internship''.

(c) INTERNSHIPS.—Section 624 (20 U.S.C. 1132c) is amended—

(1) by striking ''The Institute'' and inserting ''(a) IN GENERAL.—The Institute''; and

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

''(b) POSTBACCALAUREATE INTERNSHIPS.—The Institute shall enter into agreements with institutions of higher education described in the first sentence of subsection (a) to conduct internships in Washington, DC, for students who have completed study for the baccalaureate degree. The Internship program authorized by this subsection shall—

''(1) be designated to assist the students to prepare for a master's degree program;

''(2) be carried out with the assistance of the Woodrow Wilson Fellowship program;

''(3) contain work experience for the students designated to contribute to the objectives set forth in paragraph (1); and

''(4) contain such other elements as the Institute determines will carry out the objectives of this subsection.''.

(d) NEW PROGRAMS.—Title VI is further amended—

(1) by redesignating sections 625 through 627 (20 U.S.C. 1131d–1131f) as sections 627 through 629; and

(2) by inserting after section 624 the following new sections:

''SEC. 625. INSTITUTIONAL DEVELOPMENT.

''(a) IN GENERAL.—The Institute shall make grants, from amounts available to it in each fiscal year, to Historically Black Colleges and Universities, Hispanic-serving Institutions, Tribally Controlled Indian Community Colleges, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

''(b) APPLICATION.—No grant may be made by the Institute under this section unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

''(c) DEFINITIONS.—As used in this section—

''(1) the term 'Historically Black College and University' has the same meaning given the term by section 322(2) of this Act;

''(2) the term 'Hispanic-serving Institution' has the same meaning given the term by section 316(b)(1) of this Act;

''(3) the term 'Tribally controlled Indian community college' has the same meaning given that term by the Tribally Controlled Community College Assistance Act of 1978; and

''(4) the term 'minority institution' has the same meaning given that term in section 347 of this Act.

''SEC. 626. INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.

''(a) ESTABLISHMENT.—There is established in the executive branch of the Federal Government

an Interagency Committee on Minority Careers in International Affairs composed of 7 members. The members of the Committee shall be—

''(1) the Undersecretary for International Affairs and Commodity Programs of the Department of Agriculture, appointed by the Secretary of Agriculture;

''(2) the Assistant Secretary and Director General, the Commercial Service of the Department of Commerce, appointed by the Secretary of Commerce;

''(3) the Undersecretary of Defense for Personnel and Readiness of the Department of Defense, appointed by the Secretary of Defense;

''(4) the Assistant Secretary for Postsecondary Education in the Department of Education, appointed by the Secretary of Education;

''(5) the Director General of the Foreign Service of the Department of State, appointed by the Secretary of State;

''(6) the General Counsel of the Agency for International Development, appointed by the Administrator; and

''(7) the Associate Director for Educational and Cultural Affairs of the United States Information Agency, appointed by the Director.

''(b) FUNCTIONS.—The Interagency Committee established by this section shall—

''(1) advise the Secretary and the Institute with respect to programs authorized by this part; and

''(2) promote policies in each department and agency participating on the Committee that are designed to carry out the objectives of this part.''.

(e) AUTHORIZATION.—Section 629 (20 U.S.C. 1131f) (as redesignated by subsection (d)) is amended by striking ''1993'' and inserting ''1999''.

SEC. 604. GENERAL PROVISIONS.

(a) DEFINITIONS.—Section 631(a) (20 U.S.C. 1132(a)) is amended—

(1) by striking ''and'' at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting ''; and''; and

(3) by inserting after paragraph (8) the following new paragraphs:

''(9) the term 'internationalization of undergraduate education' means the incorporation of foreign languages and area and international studies perspectives in any undergraduate course or curriculum in order to provide international content for that course of study; and

''(10) the term 'educational programs abroad' means programs of study, internships, or service learning outside the United States which are part of a foreign language or other international curriculum at the undergraduate or graduate education levels.''.

(b) REPEAL.—Section 632 (20 U.S.C. 1132–1) is repealed.

SEC. 605. TRANSFER AND REAUTHORIZATION OF GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED PROGRAM.

(a) AMENDMENT.—Title VI is amended by adding at the end the following new part:

''PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

''SEC. 651. PURPOSE.

''In order to sustain and enhance the capacity for graduate education in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

''SEC. 652. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

''(a) GRANT AUTHORITY.—

''(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part. The Secretary shall coordinate the administration and regulation of programs under this part with other Federal programs providing graduate assistance to minimize duplication and improve efficiency.

''(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

''(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

''(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

''(C) is not a private foundation;

''(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

''(E) has necessary research resources not otherwise readily available in such institutions to such students.

''(b) AWARD AND DURATION OF GRANTS.—

''(1) AWARDS.—The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

''(2) DURATION.—The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $125,000 or greater than $750,000 per fiscal year.

''(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

''SEC. 653. INSTITUTIONAL ELIGIBILITY.

''(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

''(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which the interest is compelling, the extent to which other Federal programs support postbaccalaureate study in the area concerned, and an assessment of how the program could achieve the most significant impact with available resources.

''SEC. 654. CRITERIA FOR APPLICATIONS.

''(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by review panels of nationally recognized scholars and evaluated on the quality and effectiveness of the academic program and the achievement and promise of the students to be served. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

''(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

''(1) describe the current academic program of the applicant for which the grant is sought;

''(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part, which contribution may be in cash or in kind fairly valued;

''(3) describe the number, types, and amounts of the fellowships that the applicant intends to offer under the grant;

''(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

''(A) have financial need, as determined under part F of title IV;

''(B) have excellent academic records in their previous programs of study; and

''(C) plan to pursue the highest possible degree available in their course of study;

''(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

''(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will, from any funds available to it, fulfill the commitment to the student;

''(7) provide that the applicant will comply with the limitations set forth in section 655;

''(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; and

''(9) include such other information as the Secretary may prescribe.

''SEC. 655. AWARDS TO GRADUATE STUDENTS.

''(a) COMMITMENTS TO GRADUATE STUDENTS.—

''(1) IN GENERAL.—An academic department or program of an institution of higher education shall make commitments to eligible graduate students as defined in section 484 (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 3 years.

''(2) SPECIAL RULE.—No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

''(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the

case of an individual who receives such individual's first stipend under this part in academic year 1999–2000 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need as determined under part F of title IV.

''(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section 656(a) may count the excess of such payments toward the amounts the institution is required to provide pursuant to section 654(b)(2).

''(d) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

''(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

''(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

''SEC. 656. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

''(a) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

''(A) $10,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1999–2000; and

''(B) with respect to individuals who first receive fellowships during or after academic year 1999–2000—

''(i) $10,000 for the academic year 1999–2000; and

''(ii) for succeeding academic years, $10,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

''(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

''(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

''SEC. 657. CONTINUATION AWARDS.

''Before making new awards under this part for any fiscal year, the Secretary shall, as appropriate, making continuation awards to recipients of awards under parts B, C, and D of title IX as in effect prior to the enactment of the Higher Education Amendments of 1998.

''SEC. 658. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated $40,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.''.

(b) REPEAL.—Title IX (20 U.S.C. 1134 et seq.) is repealed.

The CHAIRMAN. Are there any amendments to title VI?

AMENDMENT NO. 21 OFFERED BY MR. KILDEE

Mr. KILDEE. Mr. Chairman, I offer an amendment on behalf of the gentleman from California (Mr. FARR).

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 21 offered by Mr. KILDEE:

Page 310, strike line 3 and insert the following (and redesignate the succeeding paragraph accordingly):

(3) in subsection (c)(2)—

(A) by striking ''and'' at the end of subparagraph (E);

(B) by redesignating subparagraph (F) as subparagraph (G); and

(C) by inserting after subparagraph (E) the following new subparagraph;

''(F) professional graduate degrees in translation and interpretation; and''; and

Mr. KILDEE. Mr. Chairman, I will be very brief. This provides funds under section F for professional graduate degrees in translation and interpretation. It adds those being eligible for funds.

Mr. GOODLING. Mr. Chairman, will the gentleman yield to me?

Mr. KILDEE. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we accept the amendment.

Mr. KILDEE. Mr. Chairman, I thank the gentleman for accepting the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. KILDEE).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VI?

The Clerk will designate title VII.

The text of title VII is as follows:

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

SEC. 701. EXTENSION OF PRIOR RIGHTS AND OBLIGATIONS.

Section 702(a) (20 U.S.C. 1132a–1(a)) is amended by striking ''fiscal year 1993'' and inserting ''fiscal year 1999''.

SEC. 702. REPEAL OF PART A.

(a) REPEAL.—Part A of title VII (20 U.S.C. 1132b et seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 701(b) (20 U.S.C. 1132a(b)) is amended by striking ''part A or B'' and inserting ''part B''.

(2) Part B of title VII is amended by striking section 726 (20 U.S.C. 1132c–5).

(3) Section 781 (20 U.S.C. 1132i) is amended by striking ''part A of this title, or'' each place it appears.

SEC. 703. EXTENSION OF AUTHORIZATION OF PART B.

Section 727(c) (20 U.S.C. 1132c–6(c)) is amended by striking ''fiscal year 1993'' and inserting ''fiscal year 1999''.

SEC. 704. EXTENSION OF AUTHORIZATION OF PART C.

Section 735 (20 U.S.C. 1132d–4) is amended by striking ''fiscal year 1993'' and inserting ''fiscal year 1999''.

Mr. GOODLING. 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. RIGGS) having assumed the chair, Mr. GUTKNECHT, Chairman 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. 6) to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes, had come to no resolution thereon.

UNFAIRNESS IN TAX CODE: MARRIAGE TAX PENALTY

(Mr. WELLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. WELLER. Mr. Speaker, some ask why is it so important we pass the Marriage Tax Elimination Act. Clearly I think three questions best answer that big question.

Do Americans feel that it is fair that a working married couple pays higher taxes just because they are married?

Do Americans feel that it is fair that 21 million married working couples pay on average $1,400 more in taxes than an identical couple living together outside of marriage?

Do Americans feel that it is right that our Tax Code actually provides an incentive to get divorced?

Of course not. Americans recognize that the marriage tax is wrong and it is time to do something about it. If you think about it, 21 million Americans paying $1,400 more just because they are married, that is real money for real people. The south side of Chicago, the south suburbs that I have the privilege of representing, $1,400 is one year's tuition at a local community college, three months of day care at a local child care center, several months worth of car payments.

The Marriage Tax Elimination Act is gaining momentum. Let us eliminate the marriage tax. Let us eliminate it now.

Mr. WELLER. Mr. Speaker, I rise today to highlight what is arguably the most unfair provision in the U.S. Tax code: the marriage tax penalty. I want to thank you for your long term interest in bringing parity to the tax burden imposed on working married couples compared to a couple living together outside of marriage.

In January, President Clinton gave his State of the Union Address outlining many of the things he wants to do with the budget surplus.

A surplus provided by the bipartisan budget agreement which: cut waste, put America's fiscal house in order, and held Washington's feet to the fire to balance the budget.

While President Clinton paraded a long list of new spending totaling at least $46–$48 billion in new programs—we believe that a top priority should be returning the budget surplus to America's families as additional middle-class tax relief.

This Congress has given more tax relief to the middle class and working poor than any Congress of the last half century.

I think the issue of the marriage penalty can best be framed by asking these questions: Do Americans feel its fair that our tax code imposes a higher tax penalty on marriage? Do Americans feel its fair that the average married working couple pays almost $1,400 more in taxes than a couple with almost identical income living together outside of marriage? Is it right that our tax code provides an incentive to get divorced?

In fact, today the only form one can file to avoid the marriage tax penalty is paperwork for divorce. And that is just wrong!

Since 1969, our tax laws have punished married couples when both spouses work. For