So the resolution was agreed to.

The vote on the resolution was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:
Mr. HAYES. Mr. Speaker, on rolloca No. 855 I inadvertently voted "yes," but meant to vote "no."

CONFEREE REPORT ON H.R. 2669, COLLEGE COST REDUCTION AND ACCESS ACT

Mr. GEORGE MILLER of California submitted the following conference report and statement on the bill (H.R. 2669) to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008:

CONFERENCE REPORT (H. REPT. 111-317)

The committee of conference on the disagreeing votes of the two Houses on the amendment to the Senate to the bill (H.R. 2669), to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House rescind from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "College Cost Reduction and Access Act".

(b) 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.).

(c) EFFECTIVE DATE.—Except as otherwise expressly provided, the amendments made by this Act shall be effective on October 1, 2007.

TITLE I—GRANTS TO STUDENTS IN AT- RISK INSTITUTIONS OF HIGHER EDUCATION

SEC. 101. TUITION SENSITIVITY.

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

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) through (9) as paragraphs (3) through (8), respectively.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to determinations of Federal Pell Grant amounts for award years beginning on or after July 1, 2007.

(c) AUTHORIZATION AND APPROPRIATION OF FUNDS.—There is authorized to be appropriated, and there is appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Education to carry out the amendment made by subsection (a), $11,000,000 for fiscal year 2008.

SEC. 102. MANDATORY PELL GRANT INCREASES.

(a) EXTENSION OF AUTHORITY.—Section 401(a)(2) (20 U.S.C. 1070(a)(2)) is amended by striking "fiscal year 2004" and inserting "fiscal year 2011." 

(b) FUNDING FOR INCREASES.—Section 401(b)(2) (20 U.S.C. 1070(a)(2)) is amended by adding at the end the following new paragraph:

"(9) ADDITIONAL FUNDS.—

"(A) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, to carry out subparagraph (B) of this paragraph (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury) the following amounts:

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

"(ii) $2,090,000,000 for fiscal year 2009;

"(iii) $3,030,000,000 for fiscal year 2010;

"(iv) $3,090,000,000 for fiscal year 2011;

"(v) $3,050,000,000 for fiscal year 2012;

"(vi) $165,000,000,000 for fiscal year 2013;

"(vii) $4,305,000,000 for fiscal year 2014;

"(viii) $4,400,000,000 for fiscal year 2015;

"(ix) $4,600,000,000 for fiscal year 2016; and

"(x) $4,900,000,000 for fiscal year 2017.

"(B) INCREASE IN FEDERAL PELL GRANTS.—The amounts made available pursuant to subparagraph (A) of this paragraph shall be used to increase the annual appropriation to the Secretary for a Federal Pell Grant for which a student shall be eligible during an award year, as specified in the last enacted appropriation Act applicable to that award year, by—

"(i) $490 for each of the award years 2008-2009 and 2009-2010;

"(ii) $690 for each of the award years 2010-2011 and 2011-2012; and

"(iii) $1,090 for award year 2012-2013.

"(C) ELIGIBILITY.—The Secretary shall only award an increased amount of a Federal Pell Grant under this subparagraph during an award year pursuant to the provisions of this paragraph to students who qualify for a Federal Pell Grant award under the maximum grant award enacted in the annual appropriation Act for such award year without regard to the provisions of this paragraph.

"(D) FORMULA OTHERWISE UNAFFECTED.—Except as provided in subparagraphs (B) and (C), nothing in this paragraph shall be construed to alter the requirements of this section, or authorize the imposition of additional requirements, for the determination and allocation of Federal Pell Grants under this section.

"(E) RATALE INCREASES AND DECREASES.—

The amounts specified in subparagraph (B) shall be ratably increased or decreased to the extent that funds available under subparagraph (A) exceed or are less than (respectively) the amount required to provide the amounts specified in subparagraph (B).

"(F) USE OF FISCAL YEAR FUNDS FOR AWARD YEARS.—The amounts made available by subparagraph (A) shall be ratably increased or decreased to the extent that funds available under subparagraph (A) exceed or are less than (respectively) the amount required to provide the amounts specified in subparagraph (B).

"(G) PAYMENT METHODOLOGY.—

"(1) PREPAYMENT.—Not less than 85 percent of any funds provided to an eligible institution under subsection (a) shall be paid on behalf of the student as soon as practicable after, and without interest from, the institution.

"(2) DIRECT PAYMENT.—Nothing in this section shall be construed to limit the authority of the Secretary to pay grants to individuals who have completed a baccalaureate degree, that does not lead to a graduate degree, and that consists of courses required by a State in order for a teacher candidate to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary or secondary school in that State, except that such term shall not include any program of instruction offered by an eligible institution that offers a baccalaureate degree in education.

"(3) TEACHER CANDIDATE.—The term 'teacher candidate' means a student or teacher described in subparagraph (A) or (B) of section 420N(a)(2).

"(H) PROGRAM AUTHORITY.—

"(1) PAYMENTS REQUIRED.—The Secretary shall pay to each eligible institution such sums as may be necessary to pay to each teacher candidate who files an application and agreement in accordance with section 420N, and who qualifies for a TEACH Grant under section 420N, a TEACH Grant in the amount of $4,900 for each academic year during which that teacher candidate is in attendance at the institution.

"(2) REFERENCES.—Grants made under paragraph (1) shall be known as 'Teacher Education Assistance for College and Higher Education Grants' or 'TEACH Grants'.

"(3) PAYMENT METHODOLOGY.—

"(1) PREPAYMENT.—Not less than 85 percent of any funds provided to an eligible institution under subsection (a) shall be paid to the institution as soon as practicable after, and without interest from, the institution.

"(2) DIRECT PAYMENT.—Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to teacher candidates until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in a timely and manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system and denying payment.

"(3) USE OF FUNDS.—The amounts made available by paragraph (1) shall be available to provide assistance to all Upward Bound projects that did not receive assistance in fiscal year 2007 and that are determined to be eligible for such assistance shall be made available in the form of 4-year grants.

"(4) SEC. 104. TEACH GRANTS.

"(a) AUTHORIZATION.—Section 401(a)(2) (20 U.S.C. 1070(a)) is amended by adding at the end the following new subpart:

"Subpart 9—TEACH Grants

"SEC. 420L. DEFINITIONS.

"For the purposes of this subpart:

"(1) ELIGIBLE INSTITUTION.—The term 'eligible institution' means an institution of higher education, as defined in section 102, that the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in a timely and manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system and denying payment.

"(2) POST-BACCALAUREATE.—The term 'post-baccalaureate' means a program of instruction for individuals who have completed a baccalaureate degree, that does not lead to a graduate degree, and that consists of courses required by a State in order for a teacher candidate to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State, except that such term shall not include any program of instruction offered by an eligible institution that offers a baccalaureate degree in education.

"(3) TEACHER CANDIDATE.—The term 'teacher candidate' means a student or teacher described in subparagraph (A) or (B) of section 420N(a)(2).

"(4) PROGRAM AUTHORITY.—

"(1) PAYMENTS REQUIRED.—The Secretary shall pay to each eligible institution such sums as may be necessary to pay to each teacher candidate who files an application and agreement in accordance with section 420N, and who qualifies for a TEACH Grant under section 420N, a TEACH Grant in the amount of $4,900 for each academic year during which that teacher candidate is in attendance at the institution.

"(2) REFERENCES.—Grants made under paragraph (1) shall be known as 'Teacher Education Assistance for College and Higher Education Grants' or 'TEACH Grants'.

"(3) PAYMENT METHODOLOGY.—

"(1) PREPAYMENT.—Not less than 85 percent of any funds provided to an eligible institution under subsection (a) shall be paid to the institution as soon as practicable after, and without interest from, the institution.

"(2) DIRECT PAYMENT.—Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to teacher candidates until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in a timely and manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system and denying payment.

"(3) USE OF FUNDS.—The amounts made available by paragraph (1) shall be available to provide assistance to all Upward Bound projects that did not receive assistance in fiscal year 2007 and that are determined to be eligible for such assistance shall be made available in the form of 4-year grants."
institution elects not to participate in the disbursement system required by paragraph (1).

(3) DISTRIBUTION OF GRANTS TO TEACHER CANDIDATES.—Payments under this subpart shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purposes of this subpart. Any disbursement allowed to be made under this subpart shall be considered to be the property of, and the proceeds from such disbursement shall be considered income subject to the jurisdiction of, any eligible institution at which the teacher candidate is enrolled.

SEC. 429H. PROGRAM FUNDING.

(a) PROGRAM FUNDING FOR TEACH CANDIDATES.—(1) ELIGIBILITY.—(A) in the case of an eligible institution at which the teacher candidate is enrolled; (B) in the case of a teacher candidate who is employed in a Department position; (C) in the case of a teacher candidate who is employed in a non-Department position.

(b) TEACH GRANT ELIGIBILITY.—Each application submitted under paragraph (1) shall contain such information as is necessary to demonstrate that—

(A) the student is an enrolled student for purposes of section 484;

(B) the student has a grade point average that is determined, under standards prescribed by the Secretary, to be comparable to a 3.25 average on a zero to 4.0 scale, except that, if the student is in the first year of a program of undergraduateducation, such grade point average shall be determined on the basis of the student’s cumulative secondary school grade point average; or

(C) the student is enrolled in a part-time student, in accordance with this subpart, of a teacher candidate.

(c) SCHEDULE OF REDUCTIONS.—A schedule of reductions established by the Secretary for such purpose, shall be applied to the maximum amount of any TEACH Grants received by such recipient shall, upon a determination of such a failure or refusal in such service obligation, be treated as a Federal Direct Unsubsidized Stafford Loan under part D of title IV, and shall be subject to repayment, together with interest thereon accruing from the date of the grant, in accordance with terms and conditions specified by the Secretary in regulations under this subpart.

SEC. 429I. PROGRAM FUNDING.

Beginning on July 1, 2008, there shall be available to the Secretary to carry out this subpart, from funds not otherwise appropriated, such sums as may be necessary to provide TEACH Grants in accordance with this subpart to each eligible applicant.

TITLE II—STUDENT LOAN BENEFITS, TERMS, AND CONDITIONS

SEC. 201. INTEREST RATE REDUCTIONS.

(a) FFEL INTEREST RATES.—(1) Each application submitted under this subpart, and in accordance with this subsection and subparagraph (A), shall be accompanied by an agreement by the applicant that—

(A) the applicant will—

(i) serve as a full-time teacher for a total of—

(ii) the applicant will—

(iii) the student is completing coursework or plans to complete such coursework and requirements prior to graduation; or

(B) if the applicant is a current or prospective teacher applying for a grant to obtain a degree—

(i) the student is an enrolled student for purposes of section 484;

(ii) the student is a candidate for any academic year, the amount of a grant under this subpart for which that teacher candidate is eligible shall be reduced until such grant does not exceed the cost of attendance at the eligible institution.

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

(A) any period during which the teacher candidate is enrolled in a noncredit or remedial course; or

(B) the total amount that a teacher candidate may receive under this subpart for undergraduate or post-baccalaureate study shall not exceed $16,000.

(2) GRADUATE STUDENTS.—The period during which a graduate student may receive grants under this subpart shall be the period required for the completion of the master’s degree of the course of study being pursued by the teacher candidate at the eligible institution at which the teacher candidate is in attendance, except that the total amount that a teacher candidate may receive under this subpart for graduate study shall not exceed $8,000.

(3) REMEDIAL COURSE; STUDY ABROAD.—Nothing in this section shall be construed to exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language acquisition) which are determined by the eligible institution to be necessary to help the teacher candidate become qualified for the pursuit of a first undergraduate baccalaureate or post-baccalaureate degree or certificate, or in the case of courses in English language acquisition, which are determined by the eligible institution to be necessary to help the teacher candidate utilize already existing knowledge, training, or skills. Nothing in this section shall be construed to exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the teacher candidate is enrolled.

(b) DIRECT LOAN INTEREST RATES.—(1) BEGINNING ON JULY 1, 2008.—Beginning on July 1, 2008, there shall be available to the Secretary to carry out this subpart, from funds not otherwise appropriated, such sums as may be necessary to provide TEACH Grants in accordance with this subpart to each eligible applicant.
“(iii) For a loan for which the first disbursement is made on or after July 1, 2009, and before July 1, 2010, 5.6 percent on the unpaid principal balance of the loan.

(2) For a loan for which the first disbursement is made on or after July 1, 2010, and before July 1, 2011, 4.5 percent on the unpaid principal balance of the loan.

(3) For a loan for which the first disbursement is made on or after July 1, 2011, and before July 1, 2012, 3.4 percent on the unpaid principal balance of the loan.”

SEC. 202. STUDENT LOAN DEFERMENT FOR CERTAIN MEMBERS OF THE ARMED FORCES.

(a) FEDERAL FAMILY EDUCATION LOANS.—Section 455(j)(3)(H) of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087b(1)(M)(iii)) is amended—

(1) in the matter preceding subclause (I), by striking “not in excess of 3 years”;

(2) in subclause (II), by striking “, or” and inserting a comma; and

(3) by adding at the end the following: “and for the 180-day period following the demobilization date for the service described in clause (I) or (II);”.

(b) DIRECT LOANS.—Section 455(c)(2)(C) (20 U.S.C. 1087e(c)(2)(C)) is amended—

(1) in the matter preceding clause (I), by striking “not in excess of 3 years”; and

(2) in clause (ii), by striking “, or” and inserting a comma; and

(3) by adding at the end the following: “and for the 180-day period following the demobilization date for the service described in clause (I) or (II);”.

(c) PARRIS’ LOANS.—Section 464(c)(2)(A)(iii) (20 U.S.C. 1087d(c)(2)(A)(iii)) is amended—

(1) in the matter preceding subclause (I), by striking “not in excess of 3 years”; and

(2) in subclause (II), by striking the semicolon and inserting a comma; and

(3) by adding at the end the following: “and for the 180-day period following the demobilization date for the service described in clause (I) or (II);”.

(d) APPLICABILITY.—Section 8007(f) of the Higher Education Reconciliation Act of 2005 (20 U.S.C. 1078 note) is amended by striking “loans for which” and all that follows through the period at the end and inserting “all loans under title IV of the Higher Education Act of 1965.”.

SEC. 203. INCOME-BASED REPAYMENT.

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

“§ 430C. INCOME-BASED REPAYMENT.

(1) DEFINITIONS.—In this section:

(A) EXCEPTED PLUS LOAN.—The term ‘excepted PLUS loan’ means a loan under section 428B, 428B(B)(9), or 428B(B)(2)(A) (a administrative disbursement loan) to a borrower as calculated under the standard repayment plan under section 428(b)(9)(A)(i) or 455(d)(1)(A), based on a 10-year repayment period;

(B) The amount of the loan the borrower first made the election described in this subsection; and

(C) has made payments of not less than the amount specified in paragraph (6); and

(ii)选择了在校期间用于偿还直接联邦申贷的每月支付计划;

(iii) 选择了在校期间用于偿还直接联邦申贷的每月支付计划;

(iv) has had loans made under the income-contingent repayment plan under section 455d(d)(1)(D);

(v) has been in deferment due to an economic hardship declared under section 455(e); and

(vi) has been in deferment due to an economic hardship declared under section 455(e).

(b) DIRECT LOANS.—Section 455(c)(2)(C) (20 U.S.C. 1087e(c)(2)(C)) is amended by inserting “made on behalf of a dependent student” after “PLUS loan”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 2009.

(2) SECT. 428C (20 U.S.C. 1078-3) is amended—

(A) in subsection (a)(3)(B)(i), by amending subclause (V) to read as follows:

(v) has been in deferment due to an economic hardship declared under section 455(e);

(B) in the first sentence of subsection (b)(5), by inserting “or chooses to obtain a consolidation loan for the purposes of using the public service loan forgiveness program under section 455m,” after “from such a lender,”;

(C) in the second sentence of such subsection, by inserting before the period the following: “except that if a borrower intends to be eligible to use the public service loan forgiveness program under section 455m, such loans shall be repaid using one of the repayment options described in section 455m(m)(1)(A);”.

(2) Section 428C (20 U.S.C. 1078-3) (as amended by paragraph (1) of this subsection) is amended—

(A) in subsection (a)(3)(B)(ii)(V)(aa)—

(1) by striking “an income contingent repayment plan”;

(2) by inserting “in which the borrower elects to split an income contingent repayment repayment or income-based repayment,”; and

(3) by inserting “or” and inserting “or”,

(B) in the first sentence of subsection (b)(5), by inserting “or chooses to obtain a consolidation loan for the purposes of using the public service loan forgiveness program under section 455m,” after “from such a lender,”;

(C) in the second sentence of such subsection, by inserting before the period the following: “except that if a borrower intends to be eligible to use the public service loan forgiveness program under section 455m, such loans shall be repaid using one of the repayment options described in section 455m(m)(1)(A);”.

(3) Section 455d(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)) is amended by inserting “made on behalf of a dependent student” after “PLUS loan”.

(4) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 2009.

(2) SECT. 428C (20 U.S.C. 1078-3) is amended—

(A) in subsection (a)(3)(B)(ii)(V)(aa)—

(1) by striking “an income contingent repayment plan”;

(2) by inserting “in which the borrower elects to split an income contingent repayment repayment or income-based repayment,”; and

(3) by inserting “or” and inserting “or”,

(B) in the first sentence of subsection (b)(5), by inserting “or chooses to obtain a consolidation loan for the purposes of using the public service loan forgiveness program under section 455m,” after “from such a lender,”;

(C) in the second sentence of such subsection, by inserting before the period the following: “except that if a borrower intends to be eligible to use the public service loan forgiveness program under section 455m, such loans shall be repaid using one of the repayment options described in section 455m(m)(1)(A);”.

(3) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 2009.

(2) SECT. 428C (20 U.S.C. 1078-3) is amended—

(A) in subsection (a)(3)(B)(ii)(V)(aa)—

(1) by striking “an income contingent repayment plan”;

(2) by inserting “in which the borrower elects to split an income contingent repayment repayment or income-based repayment,”; and

(3) by inserting “or” and inserting “or”,

(B) in the first sentence of subsection (b)(5), by inserting “or chooses to obtain a consolidation loan for the purposes of using the public service loan forgiveness program under section 455m,” after “from such a lender,”;

(C) in the second sentence of such subsection, by inserting before the period the following: “except that if a borrower intends to be eligible to use the public service loan forgiveness program under section 455m, such loans shall be repaid using one of the repayment options described in section 455m(m)(1)(A);”.

(3) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 2009.
SEC. 204. DEFERRAL OF LOAN REPAYMENT FOLLOWING ACTIVE DUTY.

Part G of title IV is further amended by adding after section 493C (as added by section 203 of this Act) the following new section:

"(a) DEFERRAL OF LOAN REPAYMENT FOLLOWING ACTIVE DUTY.—(1) Notwithstanding section 493C(b)(1)(A)(iii), 455(f)(2)(C), or 464(c)(2)(A)(iii), a borrower of a loan under this title who is a member of the National Guard or other reserve component of the Armed Forces of the United States, or a member of such Armed Forces in a retired status, is called or ordered to active duty, and is enrolled, or was enrolled within six months prior to the activation, in a program of instruction at an eligible institution, shall be eligible for a deferment during the 13 months following the conclusion of such service, except that a deferment under this subsection shall expire upon the borrower's return to enrolled student status.

(b) ACTIVE DUTY.—Notwithstanding section 481(d), in this section, the term 'active duty' has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term—

"(1) does not include active duty for training or attendance at a service school; and

"(2) includes the case of members of the National Guard, active state duty.''.

SEC. 205. MAXIMUM REPAYMENT PERIOD.

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

"(A) MAXIMUM REPAYMENT PERIOD.—In calculating the extended period of time for which an income contingent repayment plan under this subsection may be in effect for a borrower, the Secretary shall include all time periods during which a borrower of loans under part B, part D, or part E—

"(i) is not in default on any loan that is included in the income contingent repayment plan; and

"(ii) is in deferment due to an economic hardship described in section 426(g); or

"(B) is not in default on any loan that is included in the income contingent repayment plan; and

"(C) makes payments under paragraph (1) or (6) of section 493C(b);

"(D) makes monthly payments of not less than the monthly amount calculated under section 428(b)(9)(A)(i) or subsection (d)(1)(A), based on a 10-year repayment period, when the borrower first made the election described in section 493C(b)(3); or

"(E) makes payments of not less than the payments required under a standard repayment plan under section 428(b)(9)(A)(i) or subsection (d)(1)(A) in any repayment period of 10 years; or

"(F) makes payments under an income contingent repayment plan under subsection (d)(1)(D).'

TITLE III—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 301. GUARANTY AGENCY COLLECTION RE- TENTION.

Clause (ii) of section 428(c)(6)(A) (20 U.S.C. 1087e(c)(6)(A)(ii)) is amended to read as follows:—

"(ii) an amount equal to 24 percent of such payments for use in accordance with section 422B, except that—

"(1) beginning October 1, 2003 and ending September 30, 2007, this clause shall be applied by substituting '22 percent' for '24 percent'; and

"(2) beginning October 1, 2007, this clause shall be applied by substituting '25 percent' for '24 percent'.''

SEC. 302. ELIMINATION OF EXCEPTIONAL PERFORMER STATUS FOR LENDERS.


(b) CONFORMING AMENDMENTS.—Part B of title IV (20 U.S.C. 1070 et seq.) is amended—

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

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

"(B) by redesignating subparagraphs (E) through (H) as subparagraphs (D) through (G), respectively; and

"(2) in section 438(b)(5) (20 U.S.C. 1087b-1(b)(5)), by striking the matter following subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall be effective on the later of—

"(1) the date of enactment of the Higher Education Act of 1965 as in effect on the day before the date of enactment of this Act; or

"(2) October 1, 2007, for the remainder of the year for which the designation was made.

SEC. 303. REDUCTION OF LENDER INSURANCE COST.

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

"(G) insures 85 percent of the unpaid principal of loans insured under the program, except that—

"(1) such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(i) or 439(i); and

"(2) notwithstanding the preceding provisions of this subparagraph, such program shall insure 100 percent of the unpaid principal amount of exempt claims as defined in subsection (c)(1)(G).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on October 1, 2012, and shall apply with respect to loans made on or after such date.

SEC. 304. DEFINITIONS.

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

"(1) in subsection (o)(1)(I),

"(A) in subparagraph (A)(i)—

"(I) by striking "100 percent of the poverty line for a family of 2" and inserting "150 percent of the poverty line applicable to the borrower's family size"; and

"(ii) by inserting 'or' after the semicolon;

"(B) by striking subparagraph (B); and

"(C) by redesigning subparagraph (C) as subparagraph (B);

"(2) in subsection (o)(2), by striking '(1)(C)' and inserting '(1)(B)'; and

"(3) by adding at the end the following:

"(p) ELIGIBLE NOT-FOR-PROFIT HOLDER.—

"(1) DEFINITION.—Subject to the limitations in paragraph (2) and the prohibition in paragraph (3), the term "eligible not-for-profit holder" means an eligible not-for-profit holder under subsection (d) (except for an eligible not-for-profit holder described in subsection (d)(1)(E)) that satisfies a special allowance calculation under section 438(b)(2)(I) or a payment under section 771 and that is—

"(A) a State, or a political subdivision, authority, agency, or other instrumentality thereof, including such entities that are eligible to issue bonds described in section 1103 of title 26, Code of Federal Regulations, or section 144(b) of the Internal Revenue Code of 1986;

"(B) an entity described in section 150(d)(2) of such Code that has not made the election described in section 150(d)(3) of such Code;

"(C) an entity described in section 501(c)(3) of such Code;

"(D) a trustee acting as an eligible lender on behalf of a State, political subdivision, authority, agency, instrumentality, or other entity described in subparagraph (A), (B), or (C); or

"(E) retains its status as the sole owner of a beneficial interest in a loan and the income from such loan by that political subdivision, authority, agency, instrumentality, or other entity, by granting a security interest in, or otherwise pledging as collateral, such loan, or the income from such loan, to secure a debt obligation in the operation of an arrangement described in paragraph (1)(D).

"(2) LIMITATIONS.—In the case of a loan for which the special allowance payment is calculated under section 438(b)(2)(I)(vi)(I) and that is sold by the eligible not-for-profit holder described in subsection (d) (except for an eligible not-for-profit holder described in subsection (d)(1)(E)) for the loan to an eligible not-for-profit holder under this Act, the special allowance payment for such loan shall, beginning on the date of the sale, no longer be calculated under section 438(b)(2)(I)(vi)(I) and shall be calculated under section 438(b)(2)(I)(vi)(I) instead.

"(3) REGULATIONS.—Not later than 1 year after the date of enactment of the College Cost Reduction and Access Act, the Secretary shall promulgate regulations in accordance with the provisions of this section and shall:

"(A) SPECIAL ALLOWANCES.—

"(a) REDUCTION OF LENDER SPECIAL ALLOWANCE PAYMENTS.—Section 438(b)(1)(b)(2)(I) is amended—

"(1) in clause (i), by striking "clauses (ii), (iii), and (iv)" and inserting the following clauses;—

"(2) in clause (iii), by striking clauses (ii), (iv), and (iv)" and inserting "clauses (ii), (iii), (iv), and (v)"; and

"(b) REGULATIONS.—With respect to a loan on which the applicable interest rate is determined under section 427A(I) for which the first disbursement of principal is made on or after October 1, 2007, the special allowance payment computed pursuant to this subparagraph shall be computed—
“(A) has made 120 monthly payments on the eligible Federal Direct Loan after October 1, 2007, pursuant to any one or a combination of the following:

(i) payments under an income-based repayment plan under section 495C;

(ii) payments under a standard repayment plan under subsection (d)(1)(A), based on a 10-year repayment period;

(iii) monthly payments under a repayment plan under subsection (d)(1)(g) or (g) of not less than the monthly amount calculated under subsubsection (d)(1)(A), based on a 10-year repayment period;

(iv) payments under an income contingent repayment plan under subsection (d)(1)(D); and

“(B)(i) is employed in a public service job at the time of such forgiveness; and

“(ii) has been employed in a public service job during the period in which the borrower makes each of the 120 payments described in subparagraph (A).

“(2) LOAN CANCELLATION AMOUNT.—After the conclusion of the employment period described in paragraph (1), the Secretary shall cancel the interest due as of the time of such cancellation, on the eligible Federal Direct Loans made to the borrower under this part.

“(3) DEFINITIONS.—In this subsection:

“(A) ELIGIBLE FEDERAL DIRECT LOAN.—The term ‘eligible Federal Direct Loan’ means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, or Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan.

“(B) PUBLIC SERVICE JOB.—The term ‘public service job’ means:

“(i) a full-time job in emergency management, government, military service, public safety, law enforcement, public health, public education (including early childhood education), social work in a public child or family service agency, public interest law services (including prosecution or public defense or legal advocacy in low-income communities at a nonprofit organization), public library sciences, school-based library sciences and other school-based services, or at an organization that is described in section 316(b) and other faculty teaching in high-needs areas, as determined by the Secretary.”.

TITLE V—FEDERAL PERKINS LOANS

SEC. 501. DISTRIBUTION OF LATE COLLECTIONS.

Section 466(b) (20 U.S.C. 1087(f)(b)) is amended by striking “March 31, 2012” and inserting “October 1, 2012.”

TITLE VI—NEED ANALYSIS

SEC. 601. SUPPORT FOR WORKING STUDENTS.

(a) ELIGIBLE STUDENTS.—Subtitle (D) of section 475(g)(2) (20 U.S.C. 1087oo(g)(2)(D)) is amended to read as follows:

“(D) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478):

“(i) for academic year 2009–2010, $3,750;

“(ii) for academic year 2010–2011, $4,000;

“(iii) for academic year 2011–2012, $4,250; and

“(iv) for academic year 2012–2013, $4,500.”

(b) INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—(Clause iv) of section 478(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)) is amended to read as follows:

“(iv) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478):

“(I) for single or separated students, or married students where both are enrolled pursuant to subsection (a)(2)—

“(aa) for academic year 2009–2010, $7,000;

“(bb) for academic year 2010–2011, $7,750;

“(cc) for academic year 2011–2012, $8,550; and

“(dd) for academic year 2012–2013, $9,300; and

“(II) for married students where 1 is enrolled pursuant to subsection (a)(2)—

“(aa) for academic year 2009–2010, $11,220;

“(bb) for academic year 2010–2011, $12,400;

“(cc) for academic year 2011–2012, $13,710; and

“(dd) for academic year 2012–2013, $14,960.”

(c) INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—(Paragraph 4) of section 477(b) (20 U.S.C. 1087qq(b)) is amended to read as follows:

“(4) INCOME PROTECTION ALLOWANCE.—The income protection allowance is determined by the tables described in subparagraphs (A) through (D) (or a successor table prescribed by the Secretary under section 478).

“(A) ACADEMIC YEAR 2009–2010.—For academic year 2009–2010, the income protection allowance is determined by the following table:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$17,720</td>
</tr>
<tr>
<td>3</td>
<td>22,060</td>
</tr>
<tr>
<td>4</td>
<td>27,250</td>
</tr>
<tr>
<td>5</td>
<td>32,150</td>
</tr>
<tr>
<td>6</td>
<td>37,600</td>
</tr>
</tbody>
</table>

| For each additional: | 4,240 | 4,240 | 4,240 | 4,240 | 4,240 |

“(B) ACADEMIC YEAR 2010–2011.—For academic year 2010–2011, the income protection allowance is determined by the following table:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$19,690</td>
</tr>
<tr>
<td>3</td>
<td>24,510</td>
</tr>
<tr>
<td>4</td>
<td>30,280</td>
</tr>
<tr>
<td>5</td>
<td>35,730</td>
</tr>
<tr>
<td>6</td>
<td>41,780</td>
</tr>
</tbody>
</table>

| For each additional: | 4,240 | 4,240 | 4,240 | 4,240 | 4,240 |
For each additional
add:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$21,660</td>
</tr>
<tr>
<td>3</td>
<td>26,960</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
</tr>
<tr>
<td>6</td>
<td>43,930</td>
</tr>
</tbody>
</table>

(C) ACADEMIC YEAR 2011–2012.—For academic year 2011–2012, the income protection allowance is determined by the following table:

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$21,660</td>
</tr>
<tr>
<td>3</td>
<td>26,960</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
</tr>
<tr>
<td>6</td>
<td>43,930</td>
</tr>
</tbody>
</table>

(D) ACADEMIC YEAR 2012–2013.—For academic year 2012–2013, the income protection allowance is determined by the following table:

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$23,630</td>
</tr>
<tr>
<td>3</td>
<td>29,420</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>36,330</td>
</tr>
<tr>
<td>6</td>
<td>42,870</td>
</tr>
</tbody>
</table>

For academic year 2011 after academic year 2008—

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$21,660</td>
</tr>
<tr>
<td>3</td>
<td>26,960</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
</tr>
<tr>
<td>6</td>
<td>43,930</td>
</tr>
</tbody>
</table>

For academic year 2010 through 2012, the income protection allowance is determined by the following table:

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$23,630</td>
</tr>
<tr>
<td>3</td>
<td>29,420</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>36,330</td>
</tr>
<tr>
<td>6</td>
<td>42,870</td>
</tr>
</tbody>
</table>

For academic year 2011—

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$21,660</td>
</tr>
<tr>
<td>3</td>
<td>26,960</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
</tr>
<tr>
<td>6</td>
<td>43,930</td>
</tr>
</tbody>
</table>

For academic year 2012—

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>$23,630</td>
</tr>
<tr>
<td>3</td>
<td>29,420</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>36,330</td>
</tr>
<tr>
<td>6</td>
<td>42,870</td>
</tr>
</tbody>
</table>

**Income Protection Allowance**

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>(including student)</td>
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<td>4</td>
<td>33,300</td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
</tr>
<tr>
<td>6</td>
<td>43,930</td>
</tr>
</tbody>
</table>

(d) UPDATED TABLES AND AMOUNTS.—Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) by striking paragraph (I) and inserting the following:

"(I) REVISED TABLES.—

(A) IN GENERAL.—For each academic year after academic year 2008—

(i) by inserting after subparagraph (B) the following:

(ii) OTHER ACADEMIC YEARS.—For each academic year after academic year 2008—

the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 477(b)(4), subject to subparagraphs (B) and (C).

(iii) by inserting after clause (ii) the following:

(B) TABLE FOR INDEPENDENT STUDENTS.—

(1) REVISED TABLES.

(A) IN GENERAL.—For each academic year after academic year 2008—

For academic year 2011—

For academic year 2012—

For academic year 2013, the Secretary shall develop the revised table of income protection allowances under section 475(c)(4) by increasing each of the dollar amounts contained in the table by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 2011 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

For academic year 2010 through 2012, the Secretary shall not develop a revised table of income protection allowances under section 475(c)(4) and the table specified for such academic year under subparagraphs (A) through (D) of such section shall apply.

(ii) OTHER ACADEMIC YEARS.—For each academic year after academic year 2008—

For academic year 2011—

For academic year 2012—

For academic year 2013, the Secretary shall develop the revised table of income protection allowances by increasing each of the dollar amounts contained in the table of income protection allowances under section 477(b)(4)(D) by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 2011 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

"(C) TABLE FOR PARENTS.—For each academic year after academic year 2008—

the Secretary shall develop the revised table of income protection allowances under section 475(c)(4) by increasing each of the dollar amounts contained in the table by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

(e) EFFECTIVE DATE.—The amendments made by this section shall be effective on July 1, 2009.
“(ii) in subparagraph (B), by striking “$20,000” and inserting “$30,000” and;

(C) in the flase matter following paragraph (2)(B), by striking the following:— The Secretary shall annually adjust the income level necessary to qualify an applicant for the zero tax credit claimed for Federal income tax pur-

purposes.;”;

(3) in subsection (d)—

(A) by redesignating paragraphs (1), (2), (3), and (4) of subparagraphs (A), (B), (C), (D), (E), (F), and (G), respectively and moving the margins of such subparagraphs accordingly; or

(B) by striking “(d) DEFINITION” and all that follows through “the term” and inserting the following—

“(d) DEFINITIONS.—In this section:

“(1) DISLOCATED WORKER.—The term ‘dis-

located worker’ has the meaning given the term in section 101 of the Workforce Investment Act of 1998 (20 U.S.C. 1087tt(a)).

“(2) MEANS-TESTED FEDERAL BENEFIT PRO-

GRAM.—The term—

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

SEC. 603. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

(a) AMENDMENTS.—The third sentence of section 479A(a) (20 U.S.C. 10707(a)) is amended—

(1) by inserting “or an independent student” after “family member”;

(2) by inserting “a family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998)” before “the number of parents”; and

(3) by inserting “in change in housing status that results in an individual being homeless (as defined in section 105(a)(2)(A) of the McKinney-Vento Homeless Assistance Act)” after “theemonicol;

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 2009.

SEC. 604. DEFINITIONS.

(a) IN GENERAL.—Section 480 (20 U.S.C. 1070v) is amended—

(1) in subsection (a)—

(A) by striking “and no portion” and inserting “no portion”;

(B) by inserting “— and no distribution from any qualified tuition benefit described in subsection (f)(3) that is not subject to Federal income tax,” after “1986,”;

(2) by striking subsection (b) and inserting the following—

“(b) UNTAXED INCOME AND BENEFITS.—

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

“(A) child support received;

“(B) worker’s compensation;

“(C) veteran’s benefits such as death pension, dependency, and indemnity compensation, but excluding veterans’ education benefits as defined in subsection (c);

“(D) interest on tax-free bonds;

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

“(F) cash support or any money paid on the student’s behalf, except, for dependent students, funds provided by the student’s parents;

“(G) untaxed portion of pensions;

“(H) payments to individual retirement ac-

count beneficiaries from accounts excluded from income for Federal income tax purposes; and

“(i) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, veteran benefits, or benefits received through participation in employment and training activities under title I of the Work-


“(2) The term ‘untaxed income benefits’ shall not include the amount of additional child tax credit claimed for Federal income tax pur-

poses.;”;

“(3) in subsection (d)—

(A) by redesignating paragraphs (1), (2), (3), and (4) of subparagraphs (A), (B), (C), (D), (E), (F), and (G), respectively, and inden-

ting appropriately;

(B) by striking “the term” and inserting the following—

“(1) DEFINITION.—The term—

“(B) by striking subparagraph (B) (as redesign-

ated by subparagraph (A)) and inserting the following—

“(B) is an orphan, in foster care, or a ward of the court, at any time when the individual is 13 years of age or older;

“(C) is an emancipated minor or is legal guardianship as determined by a court of competent jurisdiction in the individual’s State of legal residence;

“(D) is a local educational agency homeless liaison, designated pursuant to section 122(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act,” after “after section 487;”;

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 2009.

SEC. 499. COMPETITIVE LOAN AUCTION PILOT PROGRAM

(a) DEFINITION.—In this section—

“(1) ELIGIBLE FEDERAL PLUS LOAN.—The term ‘eligible Federal PLUS Loan’ means a loan de-

scribed in section 428B made to a parent of a de-

pendent student who is a new borrower or after July 1, 2009.

“(2) ELIGIBLE LENDER.—The term ‘eligible lender’ has the meaning given the term in sec-

tion 435.

“(b) PILOT PROGRAM.—The Secretary shall carry out a pilot program under which the Sec-

retary establishes a mechanism for an auction of eligible Federal PLUS Loans in accordance with this subsection. The pilot program shall meet the following requirements—

“(1) PLANNING AND IMPLEMENTATION.—During the period beginning on the date of enactment of this section and ending on June 30, 2009, the Secretary shall plan and implement the pilot program under this subsection. During the planning and imple-

mentation, the Secretary shall consult with other Federal agencies with knowledge of, and experience with, auction programs, including the Federal Communication Commission and the Department of the Treasury.

“(2) ORIGINATION AND DISBURSEMENT—APPLI-

CABILITY OF SECTION 428B.—Beginning on July 1, 2009, the Secretary shall arrange for the origina-

tion and disbursement of all eligible Federal PLUS Loans in accordance with the provisions of this subsection and the provisions of section 428B that are not inconsistent with this sub-

section.

“(3) LOAN ORIGINATION MECHANISM.—The Sec-

retary shall establish a loan origination auction mechanism that meets the following require-

ments—

“(A) AUCTION FOR EACH STATE.—The Sec-

retary administers an auction under this para-

graph for each of the States. Eligible Federal lenders compete to originate eligible Federal PLUS Loans under this paragraph at all institutions of higher education within each State.

“(B) PREQUALIFICATION PROCESS.—The Sec-

retary establishes a prequalification process for eligible lenders desiring to participate in an auc-

tion under this paragraph that contains, at a minimum—

“(i) a set of borrower benefits and servicing requirements each eligible lender shall meet in order to participate in such an auction; and

(ii) an assessment of each such eligible lender’s capacity, including capital capacity, to par-

ticipate effectively.

“(C) ORIGINATION AND ORGANIZATION.—Each State auction takes place every 2 years, and eligible lenders with the winning bids for the State are the only eligible lenders permitted to origi-

nate eligible Federal PLUS Loans made under this paragraph for the cohort of students at the institutions of higher education within the State until the students graduate from or leave the insti-

tutions of higher education.

“(D) BIDS.—Each eligible lender’s bid consists of the amount of the special auction payment (after the application of section 435(b)(2)(J)(v)) that the eligible lender proposes to accept from the Secretary with respect to the eligible Federal PLUS Loans made under this paragraph in lieu of the amount determined under section 428B.

“(E) MAXIMUM BID.—The maximum bid allow-

able under this paragraph shall not exceed the

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September 6, 2007
amount of the special allowance payable on eligible Federal PLUS Loans made under this paragraph computed under section 438(b)(2)(I) (other than clauses (ii), (iii), (iv), and (vi) of such subparagraph) for purposes of compounding under this subparagraph, section 438(b)(2)(I)(i)(III) shall be applied by substituting ‘1.79 percent’ for ‘2.34 percent’.

(4) The lowest winning bids for each State auction shall be the 2 bids containing the lowest and the second lowest proposed special allowance payments, subject to subparagraph (2).

(5) AGREEMENT WITH SECRETARY.—Each eligible lender having a winning bid under subparagraph (3) that was submitted in an auction for such State shall enter into an agreement with the Secretary under which the eligible lender—

(i) agrees to originate eligible Federal PLUS Loans under this paragraph to enable a dependent student at the institutions of higher education within the State;

(ii) is is eligible for an eligible Federal PLUS Loan under this paragraph to enable a dependent student to attend an institution of higher education within the State;

(iii) elects to borrow from the eligible lender; and

(iv) agrees to accept a special allowance payment (after the application of section 438(b)(2)(I)) from the Secretary with respect to eligible Federal PLUS Loans originated under clause (i) in the amount proposed in the second lowest winning bid described in subparagraph (2) of the State auction

(H) SEALED BIDS: CONFIDENTIALITY.—All bids are sealed and the Secretary keeps the bids confidential, except following the announcement of the winning bids.

(I) ELIGIBLE LENDER OF LAST RESORT.—

(1) IN GENERAL.—In the event that there is no winning bid under paragraph (F), the students at the institutions of higher education within the State that was the subject of the auction shall be served by an eligible lender of last resort, as determined by the Secretary.

(2) DETERMINATION OF ELIGIBLE LENDER OF LAST RESORT.—Prior to the start of any auction under this paragraph, eligible lenders that desire to serve as an eligible lender of last resort shall submit an application to the Secretary at such time and in such manner as the Secretary may determine. Such application shall include an assurance that the eligible lender will meet the prequalification requirements described in subparagraph (B).

(2)(A) IDENTIFICATION LOCATION.—The Secretary shall identify an eligible lender of last resort for each State.

(II) NOTIFICATION TIMING.—The Secretary shall not identify any eligible lender of last resort until after the announcement of all the winning bids for a State auction for any year.

(3) MAXIMUM SPECIAL ALLOWANCE.—The Secretary is authorized to set a special allowance payment that shall be payable to a lender of last resort for a State under this subparagraph, which special allowance payment shall be kept confidential, including following the announcement of winning bids. The Secretary shall set such special allowance payment so that it incurs the least possible cost to the Federal Government and takes into consideration the lowest bid that was submitted in an auction for such State and the lowest bid submitted in a similar State, as determined by the Secretary.

(4) GUARANTEE AGAINST LOSSES.—The Secretary guarantees the eligible Federal PLUS Loans made under this paragraph against losses resulting from the default of a parent borrower in an amount equal to 99 percent of the unpaid principal and interest due on the loan.

(5) PERIOD OF SPECIAL ALLOWANCE PAYMENTS.—The Secretary shall not collect a loan fee under section 438(d) with respect to an eligible Federal Plus Loan originated under this paragraph.

(6) IN GENERAL.—An eligible lender who is permitted to originate eligible Federal PLUS Loans for a borrower under this paragraph shall have the option to consolidate such loans into 1 loan.

(1) NOTIFICATION.—In the event a borrower with eligible Federal PLUS Loans made under this paragraph wishes to consolidate the loans, the borrower shall notify the eligible lender who originated the loans under this paragraph.

(2) LIMITATION OF OPTION TO CONSOLIDATE.—The option described in clause (i) shall not apply if—

(I) the borrower includes in the notification in clause (ii) verification of consolidation terms and conditions offered by an eligible lender other than the eligible lender described in clause (i); and

(II) not later than 10 days after receiving such notification from the borrower, the eligible lender described in clause (i) does not agree to alter such terms and conditions, or provide more favorable terms and conditions to such borrower than the offered terms and conditions described in subclause (I).

(7) CONSIDERATION OF ADDITIONAL LOANS.—If a borrower has a Federal Direct PLUS Loan or a loan made on behalf of a dependent student under section 428B and seeks to consolidate such loan with an eligible Federal PLUS Loan made under this paragraph, then the eligible lender that originated the borrower’s loan under this subparagraph shall consolidate the borrower’s loan under this subparagraph a Federal Direct PLUS Loan or a loan made on behalf of a dependent student under section 428B, but only if—

(I) in both the case of a Federal Direct PLUS Loan, the eligible lender agrees, not later than 10 days after the borrower requests such consolidation from the lender, to match the consolidation terms and conditions that would otherwise be available to the borrower if the borrower consolidated such loans in the loan program under part D; and

(II) in the case of a loan made on behalf of a dependent student under section 428B, the eligible lender agrees, not later than 10 days after the borrower requests such consolidation from the lender, to match the consolidation terms and conditions offered by an eligible lender other than the eligible lender that originated the borrower’s loans under this paragraph.

(8) SPECIAL ALLOWANCE ON CONSOLIDATION LOANS THAT INCLUDE LOANS MADE UNDER THIS PARAGRAPH.—The applicable special allowance payment for loans consolidated under this paragraph shall be equal to the lesser of—

(I) the weighted average of the special allowance payment on such loans, except that in calculating such weighted average the Secretary shall exclude any Federal Direct PLUS Loan included in the consolidation; or

(II) the result of—

(aa) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period; plus

(bb) 1.59 percent.

(II) INTEREST PAYMENT REBATE FEE.—Any loan under section 428C consolidated under this paragraph shall not be subject to the interest payment rebate fee.

(III) NOTIFICATION.—Any loan under section 428C consolidated under this paragraph shall not be subject to the interest payment rebate fee.

(IV) MAXIMUM SPECIAL ALLOWANCE.—The amount of the Federal Direct PLUS Loans made under this paragraph (other than clauses (ii), (iii), (iv), and (vi) of such subparagraph) for purposes of compounding under this subparagraph, section 438(b)(2)(I)(i)(III) shall be applied by substituting ‘1.79 percent’ for ‘2.34 percent’.

(III) REDUCTION FOR FAILURE TO PAY NON-FEDERAL SHARE.—If a State fails to provide the full may-Federal share required under this subsection, the Secretary shall reduce the amount of the Federal share under this section proportionately, and may award the proportionate share of the funds directly to a philanthropic organization, as defined in subsection (i), to carry out this section.

(IV) TEMPORARY INELIGIBILITY FOR SUBSEQUENT GRANTS.—

(A) IN GENERAL.—The Secretary shall determine that a grantee is ineligible under subparagraph (A) if it has agreed to originate an eligible Federal PLUS Loan, the eligible lender agrees, not later than 10 days after the borrower requests such consolidation from the lender, to match the consolidation terms and conditions that would otherwise be available to the borrower if the borrower consolidated such loans in the loan program under part D; and

(B) REINSTATEMENT.—If the Secretary determines that a grantee is ineligible under subparagraph (A), the Secretary may enter into an agreement with the grantee setting forth the terms and conditions under which the grantee may be reinstated if it pays an amount equal to the Federal share of the costs of carrying out the activities and services described in subsection (f).

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(B) REINSTATEMENT.—If the Secretary determines that a grantee is ineligible under subparagraph (A), the Secretary may enter into an agreement with the grantee setting forth the terms and conditions under which the grantee may be reinstated if it pays an amount equal to the Federal share of the costs of carrying out the activities and services described in subsection (f).
designed by the Governor or chief executive of the State to administer the program under this section, or a philanthropic organization, in accordance with subsection (b)(3), shall submit an application to the Secretary that includes the following:

(A) A description of the grantee’s capacity to administer the grant under this section and report annually to the Secretary on the services and activities described in subsection (f).

(B) A description of the grantee’s plan for using the grant funds to meet the requirements of subparagraphs (A) through (F) of subsection (f), and, including plans for how the grantee will ensure service to State residents who do not reside in the State.

(C) A description of the ways in which the grantee will provide or coordinate the provision of the non-Federal share from State resources or private contributions.

(D) A description of:

(i) the structure that the grantee has in place to administer activities and services described in subsection (f); or

(ii) the plan to develop such administrative capacity.

(E) SUBGRANTS TO NONPROFIT ORGANIZATIONS.—A State receiving a payment under this section may elect to make a subgrant to one or more nonprofit organizations in the State, including a charitable organization (as defined in section 435(p) of the Higher Education Act of 1965, as amended by section 303 of this Act), or a partnership of such organizations, to carry out activities or services described in subsection (f), if the nonprofit organization or partnership—

(1) was in existence on the day before the date of the enactment of this Act; and

(2) as of such day, was participating in activities and services related to increasing access to higher education, such as those activities and services described in subsection (f).

(F) ALLOWABLE USES.—

(1) IN GENERAL.—Subject to paragraph (3), a grantee receiving a payment under this section for the following activities and services, pursuant to the conditions under subsection (g):

(i) information about the availability of Federal, State, local, institutional, and other grants and loans, and financial aid to underserved populations; and

(ii) the type of student loan the student receives;

(iii) the interest rate for any Federal, State, local, institutional, and other student loan the student received; and

(iv) conduct outreach and marketing efforts that are designed to increase student participation in the application process.

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

(3) USE OF FUNDS FOR ADMINISTRATIVE PURPOSES.—A grantee may use not more than 6 percent of the total amount of the sum of the Federal and State share under this section for administrative purposes relating to the grant under this section.

(4) SPECIAL CONDITIONS.—

(A) AVAILABILITY TO STUDENTS AND FAMILIES.—A grantee receiving a grant payment under this section shall—

(i) make the activities and services described in subparagraphs (A) through (F) of subsection (f)(1) that are funded under the payment available to all students and families in the State;

(ii) allow students and families to participate in the activities and services without regard to

(1) the postsecondary institution in which the student enrolls;

(2) the type of student loan the student receives;

(3) the servicer of such loan; or

(4) the student’s academic performance;

(B) CHARGES.—(1) A grantee receiving a grant payment under this section shall—

(i) not charge any student or parent a fee or additional charge to participate in the activities or services; and

(ii) in the case of an activity providing grant aid, not require a student to meet any condition other than eligibility for Federal financial assistance under title IV of the Higher Education Act of 1965, except as provided for in the loan cancellation or repayment or interest rate reductions described in subsection (h)(1)(G).

(2) PRIORITIES.—(A) A grantee receiving a grant payment under this section shall, in carrying out any activity or service described in subsection (f)(1) with the grant funds, prioritize students and families who are living below the poverty line applicable to the individual’s family size (as determined under section 673(2) of the Community Service Block Grant Act).

(B) DISCLOSURES.—

(A) ORGANIZATIONAL DISCLOSURES.—In the case of a State that has chosen to make a payment under this section, the holder shall clearly and prominently indicate the name of the holder and the nature of the holder’s work in connection with any of the activities carried out, or any information or services provided, with such funds.

(B) INFORMATIONAL DISCLOSURES.—Any information or services provided through an activity or service funded under this section shall—

(i) include information to students and the holder’s non-Federal shareholder in a description that is not provided under title IV of the Higher Education Act of 1965 in a manner that is clearly distinct from information on student financial assistance under such title.

(C) COORDINATION.—A grantee receiving a grant payment under this section shall attempt to coordinate the activities carried out with the grant payment with any existing activities that are similar to such activities, and with any other entities that support the existing activities in the State.

(D) REPORT.—A grantee receiving a payment under this section shall prepare and submit an annual report to the Secretary on the activities and services carried out under this section, and on the implementation of such activities and services. The report shall include—

(i) each activity that was provided to students and families over the course of the year;

(ii) the cost of providing each activity or service;

(iii) the number, and percentage, if feasible and applicable, of students who received each activity or service; and

(4) the total contributions from private organizations included in the grantee’s non-Federal share for the fiscal year.

(i) DEFINITIONS.—In this section:

(1) PHILANTHROPIC ORGANIZATION.—The term ‘philanthropic organization’ means a non-profit organization—

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

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

(C) that has a demonstrated record of dispersing grant aid to underserved populations to ensure access to, and participation in, higher education;

(D) that is affiliated with an eligible consortia (as defined in paragraph (2)) to carry out this section; and

(E) that has as its primary purpose of which is to provide financial aid and support services to students from underrepresented populations to increase the number of such students who enter and remain in college.

(2) ELIGIBLE CONSORTIA.—The term ‘eligible consortia’ means a partnership of 2 or more entities that have agreed to work together to carry out this section that—

(A) includes—

(i) a philanthropic organization, which serves as the manager of the consortia;

(ii) a State that demonstrates a commitment to ensuring the creation of a Statewide system to address the issues of early intervention and financial support for eligible students to enter and remain in college; and

(iii) at the discretion of the philanthropic organization described in clause (i), additional partners, including other non-profit organizations, government entities (including local municipalities, school districts, cities, and counties), institutions of higher education, and other public or private programs that provide mentoring or outreach programs; and

(B) conducts activities to assist students with entering and remaining in college, which may include—

(i) providing need-based grants to students;

(ii) providing educational assistance to low-income students of their potential eligibility for Federal financial aid (which may include assisting students and families with filling out FAFSA forms), as well as other financial aid and other support available from the eligible consortia;

(iii) encouraging increased student participation in higher education through monitoring or outreach programs; and

(iv) conducting marketing and outreach efforts that are designed to

(i) encourage full participation of students in the activities of the consortia that carry out this section; and

(ii) provide the communities impacted by the activities of the consortia with a general knowledge about the efforts of the consortia.
“(3) GRANTEE.—The term ‘grantee’ means—

(A) a State awarded a grant under this section;

(B) with respect to such a State that has failed to receive the Federal share requirement of subsection (b), a philanthropic organization awarded the proportionate reduction amount of such a grant under subsection (b);”

“SEC. 902. INVESTMENT IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND MINORITY-SERVING INSTITUTIONS.

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1058 et seq.) is further amended by adding after part I (as added by section 701 of this Act) the following new part:

“PART I—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS

“SEC. 9A. INVESTMENT IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS.

“(a) ELIGIBLE INSTITUTION.—An institution of higher education is eligible to receive funds from the amounts made available under this section if such institution is—

“(1) a part B institution (as defined in section 322 (20 U.S.C. 1081));

“(2) Hispanic-serving institution (as defined in section 502 (20 U.S.C. 1104a));

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

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

“(5) a Predominantly Black Institution (as defined in subsection (c));

“(6) an American Indian and Native American Pacific Islander-serving institution (as defined in subsection (c)); or

“(7) a Native American-serving nontribal institution (as defined in subsection (c)).

“(b) NEW INVESTMENT OF FUNDS.—

“(1) There shall be available to the Secretary to carry out this section, from funds not otherwise appropriated, $255,000,000 for each of the fiscal years 2008 and 2009. The authority to award grants under this section shall expire at the end of fiscal year 2009.

“(2) ALLOCATION AND ALLOTMENT.—

“(A) IN GENERAL.—Of the amounts made available under paragraph (1) for each fiscal year—

“(i) $100,000,000 shall be available for allocation under subparagraph (B);

“(ii) $100,000,000 shall be available for allocation under subparagraph (C); and

“(iii) $55,000,000 shall be available for allocation under subparagraph (D).

“(B) PROGRAMS AND ARTICULATION PROGRAMS.—The amount made available for allocation under this subparagraph by paragraph (A)(i) for any fiscal year shall be available for Hispanic-serving institutions in 2-year and 4-year institutions described in section 503, with a priority given to—

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

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

“(C) ALLOCATION AND ALLOTMENT HBCUS AND PBIS.—From the amount made available for allocation under this subparagraph by subparagraph (A)(ii) for any fiscal year—

“(1) 85 percent shall be available to eligible institutions described in subsection (a) and shall be made available as grants under section 323 and allotted among such institutions under section 324, treating such amount, plus the amount of such fiscal year in a regular or supplemental appropriation Act to carry out part B of title III, as the amount appropriated to carry out part B of title III for purposes of allotments under section 324, for use by such institutions with a priority for—

“(I) activities described in paragraphs (1), (2), (4), (5), and (6) of section 324; and

“(II) other activities, consistent with the institution’s comprehensive plan and designed to increase the institution’s capacity to prepare students for careers in physical or natural sciences, mathematics, computer science or information technology or sciences, engineering, language instruction in the less-commonly taught languages or international affairs, or nursing or allied health professions; and

“(2) 15 percent shall be available to eligible institutions described in subparagraph (a)(5) and shall be available for a competitive grant program to award 25 grants of $600,000 annually for programs in any of the following areas:

“(I) science, technology, engineering, or mathematics (STEM);

“(II) health education;

“(III) internationalization or globalization;

“(IV) teacher preparation; or

“(V) improving educational outcomes of African American males.

“(D) ALLOCATION AND ALLOTMENT TO OTHER MINORITY-SERVING INSTITUTIONS.—From the amount made available for allocation under this subparagraph by paragraph (A)(iii) for any fiscal year—

“(i) $30,000,000 for each of the fiscal years 2008 and 2009. The institutions awarded the proportionate reduction of subsection (b), a philanthropic organization that—

“(I) failed to meet the non-Federal share requirement of subsection (b); or

“(II) has the meaning given the term ‘grantee’ under section 322 (as defined in section 322 (20 U.S.C. 1081));

“(ii) 15 percent shall be available to eligible institutions described in subsection (a)(2) and shall be made available as grants under section 317, treating such $30,000,000 as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section, and using such $30,000,000 for purposes described in subsection (c) of such section; and

“(iii) $15,000,000 for each fiscal year shall be available to eligible institutions described in subsection (a)(4) and shall be made available as grants under section 317, treating such $15,000,000 as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section, and using such $15,000,000 for purposes described in subsection (c) of such section;

“(iv) $5,000,000 for each fiscal year shall be available to eligible institutions described in subsection (a)(6) for activities described in section 321(i); and

“(v) $5,000,000 for each fiscal year shall be available to eligible institutions described in subsection (a)(7) to—

“(I) plan, develop, undertake, and carry out activities to improve and expand such institutions’ capacities to serve Native Americans, which may include—

“(aa) the purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

“(bb) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

“(cc) support of faculty exchanges, faculty development, and faculty fellowships to assist faculty in acquiring advanced degrees in the faculty’s field of study;

“(dd) curriculum development and academic instruction;

“(ee) the purchase of library books, periodicals, microfilm, and other educational materials;

“(ff) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

“(gg) the joint use of facilities such as libraries and laboratories; and

“(hh) academic tutoring and counseling programs and student support services; and

“(II) to which the Secretary, to the extent determined by the Secretary, to the extent possible and consistent with a competitive process under which such grants are awarded, allocates funds in this clause to ensure maximum and equitable distribution among all such eligible institutions.

“(E) DEFINITIONS.—


“(2) ASIAN AMERICAN AND NATIVE AMERICAN PACIFIC ISLANDER-SERVING INSTITUTION.—The term ‘Asian American and Native American Pacific Islander-serving institution’ means an institution of higher education that—

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

“(B) submits to the Secretary such enrollment data for programs of study and services for each of the fiscal years 2008 and 2009.

“(3) ELIGIBLE INDIANS.—The term ‘eligible Indians’ means—

“(A) American students; and

“(B) Alaska Native-serving nontribal institutions.

“(4) IDENTIFICATION OF ELIGIBLE STUDENTS.—The term ‘identification of eligible students’ means the enrollment at an institution of higher education with respect to which not less than 50 percent of the undergraduate students enrolled in an academic program leading to a degree—

“(A) in the second fiscal year preceding the fiscal year for which the determination is made, were awarded Federal Pell Grant recipients for such year.

“(B) come from families that receive benefits under a means-tested Federal benefit program (as defined in paragraph (2) of section 111(a)(5) of such Act) for any year during which the student attended such secondary school; and

“(C) attended a public or nonprofit private secondary school.

“(5) REGIONAL.—

“(A) that is in the school district of a local educational agency that was eligible for assistance under part A of title I of the Elementary and Secondary Education Act of 1965 for any year during which the student attended such secondary school; and

“(B) that served in the school in which the student was enrolled.

“(6) LOW-INCOME INDIVIDUAL.—The term ‘low-income individual’ means the meaning given such term in section 421(a).

“(7) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The term ‘means-tested Federal benefit program’ means a program of the Federal Government, other than a program under title IV, in which eligibility for the programs’ benefits or the amount of such benefits are determined on the basis of income or resources of the individual or family seeking the benefit.

“(8) NATIVE AMERICAN.—The term ‘Native American’ means an individual who is of American Indians; and

“(9) TRIBAL COLLEGE.—The term ‘tribal college’ means an institution of higher education that—

“(A) is a tribe; or

“(B) is a Tribal College or University (as defined in section 316); and

“(C) submits to the Secretary such enrollment data as necessary and consistent with the Office of Management and Budget’s Stand- ard Industrial Classification Manual, and Pre- sending Federal Data on Race and Ethnicity as published on October 30, 1997 (62 Fed. Reg. 58789).
"(9) PREDOMINANTLY BLACK INSTITUTION.—The term ‘Predominantly Black institution’ means an institution of higher education that—

(A) has an enrollment of needy students as defined by paragraph (a) of section 315(a);

(B) has an average educational and general expenditure which is low, per full-time equivalent undergraduate student in comparison with the average educational and general expenditure per full-time equivalent undergraduate student of institutions of higher education that offer similar instruction, except that the Secretary may apply the waiver requirements described in section 392(b) to this subparagraph in the same manner as the Secretary applies the waiver requirements to section 312(b)(1)(B); and

(C) has an enrollment of undergraduate students—

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

(ii) that is at least 1,000 undergraduate students;

(iii) of which not less than 50 percent of the undergraduate students enrolled at the institution are low-income individuals or first-generational college students (as that term is defined in section 402A(g)); and

(iv) of which not less than 50 percent of the undergraduate students are enrolled in an educational program leading to a bachelor’s degree or in the case of a junior or community college, an associate degree.

(E) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the degree; and

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

And the Senate agree to the same.

SECTION 1. SHORT TITLE

The House bill’s short title is the “College Cost Reduction Act.

The Senate amendment provides that the Act may be cited as the “Higher Education Access Act of 2007” and that, unless otherwise indicated, references in the bill are to the FY07 competition.

SECTION 2. INCREASES

The Senate amendment strikes all of the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House amendment disagreed with the Senate from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The difference between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by the conference, and minor drafting and clarifying changes.

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The Senate amendment contains no similar provision.

The Senate recedes with an amendment to strike the provision that restricts the Secretary’s use of funds for purposes of evaluating and selecting participants of the Upward Bound program. The bill also provides an additional $529 million for FY07 to fund unfunded programs from the FY07 competition.

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percent on July 1, 2009; 4.76 percent on July 1, 2010; 4.08 percent on July 1, 2011 and 3.4 percent on July 1, 2012.

The Senate amendment contains no similar provision.

The Senate recedes with an amendment, to reduce interest rates on subsidized Stafford loans from 6.8 percent to 6.0 percent on July 1, 2008; 5.6 percent on July 1, 2009; 4.5 percent on July 1, 2010; and 3.4 percent on July 1, 2011. The Conferences adopt the provision in the House bill as amended by the Senate.

SECTION 202. STUDENT LOAN DEFERMENT FOR CERTAIN MEMBERS OF THE ARMED FORCES

The Senate amendment (Sec. 202) eliminates the deferment on the part of the Secretary of Education on the part of the Secretary of Education on the terms and conditions of those programs as they existed prior to enactment of this Act shall remain in full compliance with due diligence requirements.

The House recedes.

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The Senate amendment contains no similar provision.

The Senate recedes.

SECTION 203. INCOME-BASED REPAYMENT

The House bill (Sec. 133) builds on the tenets of the Income Contingent Repayment program by guaranteeing that all borrowers’ loan payments do not exceed 15 percent of their discretionary income, or 15 percent of the amount by which a borrower’s adjusted gross income exceeds 150 percent of the poverty level, divided by 12. Under this section, unpaid interest and principal are capitalized and any outstanding loan balance is forgiven after 20 years of repayment.

In the House amendment, unpaid interest on subsidized loans is paid or forgiven by the Secretary and outstanding loan balance is forgiven after 25 years of repayment. The amendment provides that borrowers repaying loans according to income-contingent repayment or income-sensitive repayment plans prior to enactment of this Act shall have a discharge remaining to repay under the terms and conditions of those programs as they existed prior to enactment of this Act or may elect to use the income-based repayment plan as provided in this section.

The House and Senate recede with an amendment adopting the structure of the payment plan created by this section.

The Senate amendment (Sec. 302) contains the same provision.

The Conferences adopt the language of the identical provisions in both the House and Senate.

SECTION 302. ELIMINATION OF EXCEPTIONAL PERFORMER STATUS FOR LENDERS

The House bill (Sec. 114) eliminates the provision that allows lenders designated as “exceptional performers” to receive 99 percent of all loans on defaulted loans if they are in full compliance with due diligence requirements.

The Senate amendment (Sec. 303) also eliminates the provision that allows lenders designated as “exceptional performers.” The Senate amendment makes the change effective October 1, 2007, except that lenders designated as exceptional performers as of that date shall be allowed such designation for an additional year for which the designation was made.

The Senate recedes.

In a July 2006 report concerning the exceptional performer designation, the Government Accountability Office (GAO) found that the designation had not materially affected servicing, and that default claims have not declined as a result. In addition, GAO found that providing an extra 2 percent reimbursement rate for default claims serviced by exceptional performers is not in the fiscal interest of the federal government, because lenders are being paid a premium to perform due diligence activities that are already required of all lenders. Accordingly, GAO recommends that the exceptional performer designation be eliminated. The Conferences concur with the GAO recommendation and adopt the Senate amendment.

SEC. 303. REDUCTION OF LENDER INSURANCE PERCENTAGE

The House bill (Sec. 115) reduces the insurance rate from 97 percent to 95 percent of the unguaranteed origination fee. The Senate amendment (Sec. 301) maintains the level of insurance paid by the Federal government on defaulted loans guaranteed under title IV, currently set at 97 percent.

The Senate recedes with an amendment to reduce the lender insurance rate in 2010 to 95 percent. The Conferences adopt the Senate amendment as amended by the House.

SEC. 304. DEFINITIONS

Economic hardship

The House bill (Sec. 134) changes the definition of economic hardship to create a uniform definition that applies to all borrowers, based on income less than 150 percent of the poverty level for the borrower’s family size.

The Senate amendment (Sec. 304) changes the definition of economic hardship to income less than 150 percent of the poverty level for the borrower’s family size.

The Senate recedes.

Eligible not-for-profit holder

The House bill (Sec. 118) defines a not-for-profit holder for the purposes of determining the special allowance payment for which a lender is eligible. Eligible not-for-profit means an eligible lender that is a State, or a political subdivision, authority, agency or other instrumentality thereof, or an entity controlled by a not-for-profit entity, or a trust acting as an eligible lender on behalf of one of these entities; The amendment establishes that no eligible not-for-profit holder shall be considered, in whole or in part, by a for-profit entity, and that if an eligible not-for-profit holder sells loans on which the Secretary is paying the loan payment insurance to another not-for-profit holder described in Section 304 of the Senate amendment, to a for-profit entity or an entity that is not an eligible not-for-profit holder, such loans shall from the date of sale instead receive the special allowance payment designated for other such lenders, as described in Section 305.

The Senate recedes with an amendment as amended by the House.

SEC. 305. SPECIAL ALLOWANCES

Reduction of lender special allowance payments

The House bill (Sec. 113) reduces the special allowance payment rate for lenders, which is currently set for student loans at the Commercial Paper (CP) lending rate plus 1.74 percentage points while he was involvement or in a grace period, and CP plus 2.34 percentage points while borrowers are in repayment, and is currently set for PLUS loans at CP plus 2.64 percentage points for other such lenders, as described in Section 304.

The House recedes with an amendment that reduces the special allowance payment rate for Stafford and PLUS loans.

The Senate amendment (Sec. 305) reduces these payments for loans held by for-profit lenders by 0.50 percentage points (or 50 basis points), and by 0.35 percentage points (35 basis points) for loans held by non-profit lenders and equals the SAP rate for Stafford and PLUS loans.

The House recedes with an amendment that establishes the SAP rate for non-profit lenders and by 55 basis points for all other lenders. The amendment...
also equalizes the SAP rate for Stafford and PLUS loans. The Conferences adopt the Senate amendment as amended by the House.

**Increased loan fees from lenders**

The House bill (Sec. 118) increases the fee that eligible lenders shall charge for federal Perkins loans, under section 438(d) of title IV on each loan disbursed from 0.50 percent to 1 percent. The Senate amendment eliminates the fee.

**SECTION 901. ACCOUNT MAINTENANCE FEES**

The House bill (Sec. 117) reduces account maintenance fees from 0.1 percent to 0.06 percent.

The Senate amendment (Sec. 402) changes the method by which account maintenance fees are calculated from a calculation based on the total amount of loan principal to a per-loan basis. The House recedes.

**TITLE IV—LOAN FORGIVENESS**

**SECTION 401. LOAN FORGIVENESS FOR PUBLIC SERVICE EMPLOYEES**

The House bill (Sec. 132) amends the current Income-Contingent Repayment program in the Higher Education Act to provide loan forgiveness for public sector employees. The change provides that the Secretary shall forgive the remaining loan balance on a loan under part D of title IV for a borrower who has been employed in a public sector job and has made payments on such loan for a period of ten years.

The Senate amendment (Sec. 401) creates a new loan forgiveness plan for public service employees. The plan provides that the Secretary shall forgive the remaining loan balance on a loan under part D of title IV for a borrower who has been employed in a public sector job and has made payments on such loan for a period of ten years (which need not be consecutive). Such borrowers shall be eligible to have 10 percent of the remaining loan balance forgiven for each of the ten years in which the borrower earned $65,000 or less.

The Senate recedes with an amendment to modify the definition of public service employees and eliminate the $65,000 income cap. The Conferences adopt the Senate amendment as amended by the House.

**TITLE V—FEDERAL PERKINS LOANS**

**SECTION 501. DISTRIBUTION OF LATE COLLECTIONS**

The House bill (Sec. 114) provides $100 million per year for the Perkins Loan Federal Collection program for fiscal years 2008–2012.

The Senate amendment (Sec. 501) postpones the date on which institutions must return late collections on Perkins loans to the Secretary to September 30, 2012.

The House recedes.

**SECTION VI—NEED ANALYSIS**

**SECTION 601. SUPPORT FOR WORKING STUDENTS**

The House bill (Sec. 102) includes provisions to increase the targeting of financial aid, including the Pell grant, through phased-in increases in the Income Protection Allowance for all students. The protected income level for dependent students without dependents will be $4,690 by 2009. For dependent students the protected income level will be $3,750 by 2009. These amounts will increase for independent students and students with dependents.

The Senate amendment (Sec. 601) also increases the Income Protection Allowance in the following ways: (1) for dependent students, it increases the amount of the income protection allowance to $3,750 for the 2008–2010 academic year; $4,500 for the 2010–2011 academic year; $5,350 for the 2011–2012 academic year; and $6,000 for the 2012–2013 academic year; (2) for independent students without dependents other than a spouse, who has been single or married with both spouses enrolled, it increases the amount of the income protection allowance to $7,000 for the 2008–2010 academic year; $7,780 for the 2010–2011 academic year; $8,560 for the 2011–2012 academic year; and $9,330 for the 2012–2013 academic year. For independent students without dependents other than a spouse, who has been single or married with both spouses enrolled, it increases the amount of the income protection allowance to $11,220 for the 2009–2010 academic year; $12,460 for the 2010–2011 academic year; $13,710 for the 2011–2012 academic year; and $14,690 for the 2012–2013 academic year. For independent students with dependents other than a spouse, who has been single or married with both spouses enrolled, it increases the amount of the income protection allowance to $15,860 for the 2008–2010 academic year; $17,140 for the 2010–2011 academic year; $18,420 for the 2011–2012 academic year; and $19,700 for the 2012–2013 academic year. For independent students with dependents other than a spouse, who has been single or married with both spouses enrolled, it increases the amount of the income protection allowance to $21,460 for the 2009–2010 academic year; $22,820 for the 2010–2011 academic year; $24,180 for the 2011–2012 academic year; and $25,540 for the 2012–2013 academic year.

The House recedes with an amendment to continue the changes beyond the 2012–2013 academic year. The Conferences adopt the Senate amendment as amended by the House.

**SECTION 602. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IMPROVEMENTS**

**Simplified needs test**

The House bill (Sec. 103) extends the time that an individual who has participated in a federal means-tested benefit program can qualify for a simplified needs test to 24 months from 12 months and allows disqualified workers to be eligible for the simplified application form.

The Senate amendment contains no similar provision.

The Senate recedes.

**Automatic zero**

The House bill (Sec. 135) increases the family income level under which a student is automatically eligible for the maximum Pell grant, or the "auto-zero," from the current level of $20,000 to $30,000 and indexes this level to the Consumer Price Index (CPI).

The Senate amendment (Sec. 602) also increases the family income level under which a student is automatically eligible for the maximum Pell grant to $30,000.

The Senate recedes.

**SECTION 603. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS**

The House bill (Sec. 104) allows financial aid administrators to use discretion in calculating the expected student or family contribution to include an independent student’s loss of employment or a change in a student’s housing status that reduces the student’s living expenses. The Senate amendment (Sec. 603) clarifies and expands the conditions under which financial aid administrators may use discretion in calculating the expected student or family contribution to include an independent student’s loss of employment or a change in a student’s housing status that reduces the student’s living expenses.

The Conferences adopt the Senate amendment as amended by the House.

**SECTION 701. COMPETITIVE LOAN AUCTION PILOT PROGRAM**

The House bill (Sec. 119) increases the maximum Pell grant to $30,000.

The Senate amendment (Sec. 602) also increases the family income level under which a student is automatically eligible for the maximum Pell grant to $30,000.

The Senate recedes.

The House bill (Sec. 104) allows financial aid administrators to use discretion in calculating the expected student or family contribution to include an independent student’s loss of employment or a change in a student’s housing status that reduces the student’s living expenses.

The Senate amendment (Sec. 603) clarifies and expands the conditions under which financial aid administrators may use discretion in calculating the expected student or family contribution to include an independent student’s loss of employment or a change in a student’s housing status that reduces the student’s living expenses.

The Conferences adopt the Senate amendment as amended by the House.

The Senate amendment (Sec. 603) also eliminates the $65,000 income cap.

The Senate recedes.

**SECTION 702. COMPETITIVE LOAN AUCTION PILOT PROGRAM**

The House bill (Sec. 119) requires a study by the Secretary of Education and the Treasury with the Congressional Budget Office, the Office of Management and Budget, and the Government Accountability Office to identify and select among the best mechanisms for a loan auction.

The Senate amendment (Sec. 602) clarifies that financial aid administrators may make determinations regarding a student’s independent status based on a documented determination of independence by another financial aid administrator in the same year.

The Conferences adopt the Senate amendment as amended by the House and Senate.

**TITLE VII—SATISFACTION OF LOAN RESPONSIBILITIES**

**SECTION 701. COMPETITIVE LOAN AUCTION PILOT PROGRAM**

The House bill (Sec. 119) requires a study by the Secretary of Education and the Treasury with the Congressional Budget Office, the Office of Management and Budget, and the Government Accountability Office to identify and select among the best mechanisms for a loan auction.

Based on the information from the study, a pilot program shall be implemented by the Secretary of Education using 10 percent of the loan volume under part B in the first year of the pilot study, and 20 percent the second year of the pilot study.

The Senate amendment (Sec. 601) establishes a new competitive loan auction pilot program. The Secretary is directed to carry out a pilot program to establish a mechanism for the auction of all eligible PLUS loans. Such loans are made to parents of dependent students. The Secretary shall administer one auction for each state, in which eligible lenders shall compete to originate all eligible PLUS loans at institutions of higher education within the state.

The Conferences believe this loan auction pilot should be closely evaluated by the Secretary of Education and the Treasury with the Congressional Budget Office, the Office of Management and Budget, the Congressional Budget Office, and the Comptroller General. Additional information on the operation of the pilot program on the feasibility of other market mechanisms to operate the loan programs.

The Conferences intend to include an evaluation of the loan auction and other market mechanisms generated through section 438(d) of title IV of the Higher Education Act which we are committed to moving forward in this session.
$30 million to Predominately Black Institutions to award 50 grants of $600,000 for programs in the fields of science, technology, engineering, health education, teacher education, and activities that improve the educational outcomes of African American males.

$60 million to Tribal Colleges and Universities to improve postsecondary educational opportunities for students.

$20 million to Asian American and Pacific Islander Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase of laboratory equipment, the funding of instruction, the purchase of materials, or the establishment or enhancement of teacher education and outreach programs.

$30 million to Alaska/Hawaiian Native Institutions to be distributed in the manner that the funds are used under current law in section 317 of the Higher Education Act including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of academic tutoring programs.

$10 million to Asian American and Pacific Islander Serving Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of tutoring programs.

The House bill as amended by the Senate.