

110TH CONGRESS  
1ST SESSION

# H. R. 2669

---

## AN ACT

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

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



**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “College Cost Reduction  
3 Act of 2007”.

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

5 (a) REFERENCES.—Except as otherwise expressly  
6 provided, whenever in this Act an amendment or repeal  
7 is expressed in terms of an amendment to, or repeal of,  
8 a section or other provision, the reference shall be consid-  
9 ered to be made to a section or other provision of the  
10 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

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

**14 TITLE I—INVESTING IN  
15 STUDENT AID****16 PART A—INCREASING THE PURCHASING POWER  
17 OF PELL GRANTS****18 SEC. 101. MANDATORY PELL GRANT INCREASES.**

19 (a) EXTENSION OF AUTHORITY.—Section 401(a) (20  
20 U.S.C. 1070a(a)) is amended by striking “fiscal year  
21 2004” and inserting “fiscal year 2013”.

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

25 “(9) ADDITIONAL FUNDS.—

1                 “(A) IN GENERAL.—There are authorized  
2                 to be appropriated, and there are appropriated,  
3                 to carry out subparagraph (B) of this para-  
4                 graph (in addition to any other amounts appro-  
5                 priated to carry out this section and out of any  
6                 money in the Treasury not otherwise appro-  
7                 priated) the following amounts:

8                     “(i) \$840,000,000 for fiscal year  
9                     2008;

10                  “(ii) \$870,000,000 for fiscal year  
11                  2009;

12                  “(iii) \$1,340,000,000 for fiscal year  
13                  2010;

14                  “(iv) \$2,280,000,000 for fiscal year  
15                  2011;

16                  “(v) \$2,350,000,000 for fiscal year  
17                  2012;

18                  “(vi) \$2,400,000,000 for fiscal year  
19                  2013;

20                  “(vii) \$2,450,000,000 for fiscal year  
21                  2014;

22                  “(viii) \$2,510,000,000 for fiscal year  
23                  2015;

24                  “(ix) \$2,550,000,000 for fiscal year  
25                  2016; and

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

3                         “(B) INCREASE IN FEDERAL PELL  
4                         GRANTS.—The amounts made available pursuant  
5                         to subparagraph (A) of this paragraph shall  
6                         be used to increase the amount of the maximum  
7                         Pell Grant for which a student shall be eligible  
8                         during an award year, as specified in the last  
9                         enacted appropriation Act applicable to that  
10                         award year, by—

11                         “(i) \$200 for each of the award years  
12                         2008–2009 and 2009–2010;

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

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

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

23                         (c) AUTHORIZED MAXIMUMS.—Section 401(b)(2)(A)  
24                         (20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

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

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

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

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

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

7       and

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

9       less an amount equal to the amount determined to  
10      be the expected family contribution with respect to  
11      that student for that year.”.

12     (d) TUITION SENSITIVITY.—

13       (1) AMENDMENT.—Section 401(b) (20 U.S.C.  
14      1070a(b)) is further amended—

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

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

19       (2) EFFECTIVE DATE.—The amendments made  
20      by paragraph (1) of this subsection are effective on  
21      the date of enactment of this Act.

22       (3) APPROPRIATION.—There shall be available  
23      to the Secretary, from funds not otherwise appro-  
24      priated, \$5,000,000 for the period beginning on the  
25      date of enactment of this Act and ending on October

1       1, 2008, to carry out the amendments made by  
2       paragraph (1) of this subsection.

3       (e) MULTIPLE GRANTS.—

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

7           “(5) YEAR-ROUND PELL GRANTS.—The Sec-  
8       retary is authorized, for students enrolled in a bac-  
9       calaureate degree, associate’s degree, or certificate  
10      program of study at an eligible institution, to award  
11      such students not more than two Pell grants during  
12      an award year to permit such students to accelerate  
13      progress toward their degree or certificate objectives  
14      by enrolling in courses for more than 2 semesters,  
15      or 3 quarters, or the equivalent, in a given academic  
16      year.”.

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

19       (f) ACADEMIC COMPETITIVENESS GRANTS.—Section  
20      401A (as amended by section 8003 of Public Law 109–  
21      171) is amended—

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

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

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

5                 “(g) DETERMINATION OF ACADEMIC YEAR.—Not-  
6                 withstanding section 481(a)(2), for the purpose of deter-  
7                 mining eligibility for a grant under this section, a student  
8                 shall be considered to be enrolled or accepted for enroll-  
9                 ment in the first, second, third, or fourth academic year  
10                of a program of undergraduate education based on the  
11                student’s class standing, as determined by the institution  
12                of higher education at which the student is enrolled or ac-  
13                cepted for enrollment.”.

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

16                 (1) in subsection (c)—

17                   (A) by striking “full-time”; and

18                   (B) by amending paragraph (1) to read as  
19                 follows:

20                 “(1) is an eligible student under section 484,  
21                 including being enrolled or accepted for enrollment  
22                 in a degree, certificate, or other eligible program  
23                 leading to a recognized educational credential at an  
24                 institution of higher education;”; and

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

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

## **10 SEC. 102. SUPPORT FOR WORKING STUDENTS.**

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

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

17 (b) INDEPENDENT STUDENTS WITHOUT DEPEND-  
18 ENTS OTHER THAN A SPOUSE.—Clause (iv) of section  
19 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended  
20 to read as follows:

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

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

5                         “(II) for married students where  
6                         1 is enrolled pursuant to subsection  
7                         (a)(2), \$10,720;”.

8         (c) UPDATED TABLES AND AMOUNTS.—Section  
9     478(b) (20 U.S.C. 1087rr(b)) is amended—

10                 (1) in paragraph (1)—

11                         (A) by striking “REVISED TABLES.—For  
12                         each” and inserting “REVISED TABLES.—

13                         “(A) IN GENERAL.—For each”;

14                         (B) in subparagraph (A) (as designated by  
15                         subparagraph (A)), in the third sentence—

16                         (i) by striking “preceding sentence”  
17                         and inserting “subparagraph (A)”;  
18                         (ii) by striking “For the 2007–2008”

19                         and inserting the following:

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

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

23                         “(C) SPECIAL RULE FOR 2009–2010  
24                         THROUGH 2012–2013 ACADEMIC YEARS.—For  
25                         the 2009–2010 academic year, and for each of

1           the 3 succeeding academic years, the Secretary  
2       shall revise the tables in accordance with this  
3       paragraph, except that, for the table in section  
4       477(b)(4), the Secretary shall revise such table  
5       by increasing the amounts contained in such  
6       table for the preceding academic year by 10  
7       percent.”; and

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

11           “(A) for academic year 2008–2009, by in-  
12       creasing each of the dollar amounts contained  
13       in such section as such section was in effect on  
14       the day before the date of enactment of the Col-  
15       lege Cost Reduction Act of 2007 by a percent-  
16       age equal to the estimated percentage increase  
17       in the Consumer Price Index (as defined in sec-  
18       tion 478(f)) between December 2006 and the  
19       December next preceding the beginning of such  
20       academic year, and rounding the result to the  
21       nearest \$10;

22           “(B) for each of the academic years 2010–  
23       2011 and 2011–2012, by increasing each of the  
24       amounts determined under this paragraph for  
25       the preceding academic year by 10 percent; and

1                 “(C) for each academic year after 2012–  
2                 2013, by increasing each of the dollar amounts  
3                 determined under this paragraph for academic  
4                 year 2012–2013 by a percentage equal to the  
5                 estimated percentage increase in the Consumer  
6                 Price Index (as defined in section 478(f)) be-  
7                 tween December 2011 and the December next  
8                 preceding the beginning of such academic year,  
9                 and rounding the result to the nearest \$10.”.

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

14                 **SEC. 103. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO  
15                 IMPROVEMENTS.**

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

18                     (1) in subsection (b)—

19                         (A) in paragraph (1)(A)(i)—

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

22                             (ii) by redesignating subclause (III) as  
23                             subclause (IV);

24                             (iii) by inserting after subclause (II)  
25                             the following:

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

6 (B) in paragraph (1)(B)(i)—

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

18 (2) in subsection (c)—

19 (A) in paragraph (1)—

20 (i) in subparagraph (A)—

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

23 (II) by redesignating clause (iii)  
24 as clause (iv);

1 (III) by inserting after clause (ii)

2 the following:

5 (IV) in clause (iv) (as redesign-  
6 nated by subclause (II)), by striking  
7 “12-month” and inserting “24-  
8 month”; and

11 (B) in paragraph (2)—

12 (i) in subparagraph (A)—

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

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

20 (IV) in clause (iv) (as redesign-

21 nated by subclause (II)), by striking  
22 “12-month” and inserting “24-  
23 month”; and

24 (ii) in subparagraph (B), by striking  
25 “\$20,000” and inserting “\$30,000”; and

17        "(d) DEFINITIONS.—In this section:

“(1) DISLOCATED WORKER.—The term ‘dislocated worker’ has the meaning given the term in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801).

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

(b) DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.—Section 479A(a) (20 U.S.C. 1087tt(a))

1 is amended in the third sentence by inserting “a family  
2 member who is a dislocated worker (as defined in section  
3 101 of the Workforce Investment Act of 1998 (29 U.S.C.  
4 2801)),” after “recent unemployment of a family mem-  
5 ber.”.

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

8 **SEC. 104. DEFINITIONS.**

9 (a) TOTAL INCOME.—Section 480(a)(2) (20 U.S.C.  
10 1087vv(a)(2)) is amended—

11 (1) by striking “and no portion” and inserting  
12 “no portion”; and

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

17 (b) UNTAXED INCOME AND BENEFITS.—Section  
18 480(b) (20 U.S.C. 1087vv(b)) is amended to read as fol-  
19 lows:

20 “(b) UNTAXED INCOME AND BENEFITS.—

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

23 “(A) child support received;

24 “(B) workman’s compensation;

1                 “(C) veteran’s benefits such as death pen-  
2                 sion, dependency, and indemnity compensation,  
3                 but excluding veterans’ education benefits as  
4                 defined in subsection (c);  
5                 “(D) interest on tax-free bonds;  
6                 “(E) housing, food, and other allowances  
7                 (excluding rent subsidies for low-income hous-  
8                 ing) for military, clergy, and others (including  
9                 cash payments and cash value of benefits);  
10                “(F) cash support or any money paid on  
11                the student’s behalf, except, for dependent stu-  
12                dents, funds provided by the student’s parents;  
13                “(G) untaxed portion of pensions;  
14                “(H) payments to individual retirement ac-  
15                counts and Keogh accounts excluded from in-  
16                come for Federal income tax purposes; and  
17                “(I) any other untaxed income and bene-  
18                fits, such as Black Lung Benefits, Refugee As-  
19                sistance, railroad retirement benefits, or Job  
20                Training Partnership Act noneducational bene-  
21                fits or benefits received through participation in  
22                employment and training activities under title I  
23                of the Workforce Investment Act of 1998 (29  
24                U.S.C. 2801 et seq.).

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

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

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

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

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

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

17       (d) OTHER FINANCIAL ASSISTANCE.—Section  
18 480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by insert-  
19 ing “, or a distribution that is not includable in gross in-  
20 come under section 529 of such Code, under another pre-  
21 paid tuition plan offered by a State, or under a Coverdell  
22 education savings account under section 530 of such  
23 Code,” after “1986”.

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

1       **PART B—MAKING STUDENT LOANS MORE**  
2                   **AFFORDABLE**

3   **SEC. 111. INTEREST RATE REDUCTIONS.**

4       (a) FFEL INTEREST RATES.—

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

8                   “(4) REDUCED RATES FOR UNDERGRADUATE  
9       SUBSIDIZED LOANS.—Notwithstanding subsection  
10      (h) and paragraph (1) of this subsection, with re-  
11      spect to any loan to an undergraduate student made,  
12      insured, or guaranteed under this part (other than  
13      a loan made pursuant to section 428B, 428C, or  
14      428H) for which the first disbursement is made on  
15      or after July 1, 2006, and before July 1, 2013, the  
16      applicable rate of interest shall be as follows:

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

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

25                  “(C) For a loan for which the first dis-  
26       bursement is made on or after July 1, 2009,

1           and before July 1, 2010, 5.44 percent on the  
2           unpaid principal balance of the loan.

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

7           “(E) For a loan for which the first dis-  
8           bursement is made on or after July 1, 2011,  
9           and before July 1, 2012, 4.08 percent on the  
10          unpaid principal balance of the loan.

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

15          (2) SPECIAL ALLOWANCE CROSS REFERENCE.—  
16          Section       438(b)(2)(I)(ii)(II)       (20       U.S.C.  
17          1086(b)(2)(I)(ii)(II)) is amended by striking “sec-  
18          tion 427A(l)(1)” and inserting “section 427A(l)(1)  
19          or (l)(4)”.

20          (b) DIRECT LOAN INTEREST RATES.—Section  
21          455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding  
22          at the end the following new subparagraph:

23           “(D) REDUCED RATES FOR UNDER-  
24           GRADUATE FDSL.—Notwithstanding the pre-  
25           ceding paragraphs of this subsection, for Fed-

1           eral Direct Stafford Loans made to under-  
2           graduate students for which the first disburse-  
3           ment is made on or after July 1, 2006, and be-  
4           fore July 1, 2013, the applicable rate of interest  
5           shall be as follows:

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

11                 “(ii) For a loan for which the first  
12                 disbursement is made on or after July 1,  
13                 2008, and before July 1, 2009, 6.12 per-  
14                 cent on the unpaid principal balance of the  
15               loan.

16                 “(iii) For a loan for which the first  
17                 disbursement is made on or after July 1,  
18                 2009, and before July 1, 2010, 5.44 per-  
19                 cent on the unpaid principal balance of the  
20               loan.

21                 “(iv) For a loan for which the first  
22                 disbursement is made on or after July 1,  
23                 2010, and before July 1, 2011, 4.76 per-  
24                 cent on the unpaid principal balance of the  
25               loan.

1                         “(v) For a loan for which the first  
2                         disbursement is made on or after July 1,  
3                         2011, and before July 1, 2012, 4.08 per-  
4                         cent on the unpaid principal balance of the  
5                         loan.

6                         “(vi) For a loan for which the first  
7                         disbursement is made on or after July 1,  
8                         2012, and before July 1, 2013, 3.40 per-  
9                         cent on the unpaid principal balance of the  
10                         loan.”.

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

12                 (a) INCREASE IN THIRD AND SUBSEQUENT YEAR  
13                         LIMITS.—

14                 (1) FEDERAL INSURANCE LIMITS.—Section  
15                 425(a)(1)(A)(iii) (20 U.S.C. 1075(a)(1)(A)(iii)) is  
16                 amended by striking “\$5,500” and inserting  
17                 “\$7,500”.

18                 (2) GUARANTY LIMITS.—Section  
19                 428(b)(1)(A)(iii)(I) (20 U.S.C. 1078(b)(1)(A)(iii)(I))  
20                 is amended by striking “\$5,500” and inserting  
21                 “\$7,500”.

22                 (b) INCREASE IN AGGREGATE LIMITS.—

23                 (1) FEDERAL INSURANCE LIMITS.—Section  
24                 425(a)(2)(A) (20 U.S.C. 1075(a)(2)(A)(i)) is  
25                 amended—

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

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

5                             (2) GUARANTY LIMITS.—Section 428(b)(1)(B)  
6                             (20 U.S.C. 1078(b)(1)(A)(iii)(I)) is amended—

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

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

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

13 **SEC. 113. REDUCTION OF LENDER SPECIAL ALLOWANCE**

14                             **PAYMENTS.**

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

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

19                             (2) in clause (v)(III), by striking “clauses (ii),  
20                             (iii), and (iv)” and inserting “clauses (ii), (iii), (iv),  
21                             and (vi)”; and

22                             (3) by adding at the end the following new  
23                             clause:

24                             “(vi) REDUCTION FOR LOANS ON OR  
25                             AFTER OCTOBER 1, 2007.—With respect to

1           a loan on which the applicable interest rate  
2           is determined under section 427A(l), the  
3           percentage to be added under clause  
4           (i)(III) in computing the special allowance  
5           payment pursuant to this subparagraph  
6           shall be the following:

7                 “(I) IN GENERAL AND PLUS  
8                 LOANS.—1.79 percent in the case of a  
9                 loan described in clause (i) or (iii) for  
10                which the first disbursement of prin-  
11                cipal is made on or after October 1,  
12                2007.

13                 “(II) IN SCHOOL AND GRACE PE-  
14                 RIOD.—1.19 percent in the case of a  
15                 loan described in clause (ii)(II) for  
16                which the first disbursement of prin-  
17                cipal is made on or after October 1,  
18                2007.

19                 “(III) CONSOLIDATION LOANS.—  
20                 2.09 percent in the case of a loan de-  
21                scribed in clause (iv) made on or after  
22                October 1, 2007.”.

**1 SEC. 114. ELIMINATION OF EXCEPTIONAL PERFORMER****2 STATUS FOR LENDERS.**

3 (a) ELIMINATION OF STATUS.—Part B of title IV (20  
4 U.S.C. 1071 et seq.) is amended by striking section 428I  
5 (20 U.S.C. 1078–9).

6 (b) CONFORMING AMENDMENTS.—Part B of title IV  
7 is further amended—

8 (1) in section 428(c)(1) (20 U.S.C.  
9 1078(c)(1))—

10 (A) by striking subparagraph (D); and  
11 (B) by redesignating subparagraphs (E)  
12 through (H) as subparagraphs (D) through  
13 (G), respectively; and

14 (2) in section 438(b)(5) (20 U.S.C. 1087–  
15 1(b)(5)), by striking the matter following subparagraph  
16 (B).

**17 SEC. 115. REDUCTION OF LENDER INSURANCE PERCENT-****18 AGE.**

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

22 “(G) insures 95 percent of the unpaid  
23 principal of loans insured under the program,  
24 except that—

25 “(i) such program shall insure 100  
26 percent of the unpaid principal of loans

1                   made with funds advanced pursuant to sec-  
2                   tion 428(j) or 439(q); and

3                   “(ii) notwithstanding the preceding  
4                   provisions of this subparagraph, such pro-  
5                   gram shall insure 100 percent of the un-  
6                   paid principal amount of exempt claims as  
7                   defined in subsection (c)(1)(G);”.

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

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

12       Clause (ii) of section 428(c)(6)(A) (20 U.S.C.  
13 1078(c)(6)(A)(ii)) is amended to read as follows:

14                   “(ii) an amount equal to 23 percent of  
15                   such payments for use in accordance with  
16                   section 422B, except that beginning Octo-  
17                   ber 1, 2007, this subparagraph shall be ap-  
18                   plied by substituting ‘16 percent’ for ‘23  
19                   percent.’.”.

20 **SEC. 117. ACCOUNT MAINTENANCE FEES.**

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

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

24       Paragraph (2) of section 438(d) (20 U.S.C. 1087–  
25 1(d)(2)) is amended to read as follows:

1       “(2) AMOUNT OF LOAN FEES.—

2           “(A) AMOUNT.—The amount of the loan  
3           fee which shall be deducted under paragraph  
4           (1), but which may not be collected from the  
5           borrower, shall be equal to—

6              “(i) except as provided in clauses (ii)  
7              and (iii), 0.50 percent of the principal  
8              amount of the loan with respect to any  
9              loan under this part for which the first dis-  
10             bursement was made on or after October  
11             1, 1993;

12              “(ii) 1.0 percent of the principal  
13              amount of the loan with respect to any  
14              loan under this part for which the first dis-  
15             bursement was made on or after October  
16             1, 2007, that is held by any holder other  
17             than a holder described in subclause (I) or  
18             (II) of clause (iii); and

19              “(iii) 0.0 percent of the principal  
20              amount of the loan with respect to any  
21              loan under this part for which the first dis-  
22             bursement was made on or after October  
23             1, 2007, that is held by—

24                  “(I) any holder that, together  
25                  with its affiliated holders, is des-

1                         ignated by the Secretary annually as a  
2                         small lender under subparagraph (B);  
3                         or  
4                                 “(II) any holder that—  
5   “(aa) is a unit of a State or  
6                                 local government or a nonprofit  
7                                 private entity; and  
8   “(bb) is not owned in whole  
9                                 or in part by, or controlled or op-  
10                                 erated by a for-profit entity.

11                         “(B) DESIGNATION OF SMALL LENDERS.—

12                         In determining which holders of eligible loans  
13                         qualify as small lenders for purposes of sub-  
14                         paragraph (A)(iii)(I), the Secretary shall, using  
15                         the most recently available data with respect to  
16                         the total principal amount of eligible loans held  
17                         by holders—

18                                 “(i) rank all holders of eligible loans  
19                                 (combined with their affiliated holders) in  
20                                 descending order by total principal amount  
21                                 of eligible loans held;

22                                 “(ii) calculate the total principal  
23                                 amount of eligible loans held by all holders;  
24                                 and

1                         “(iii) identify the subset of consecu-  
2                         tively ranked holders under clause (i),  
3                         starting with the lowest ranked holder,  
4                         that together hold a total principal amount  
5                         of such loans equal to 15 percent of the  
6                         total amount calculated under clause (ii),  
7                         but excluding the holder, if any, whose  
8                         holdings when added cause the total hold-  
9                         ings of the subset to equal but not exceed  
10                         such 15 percent of such total amount cal-  
11                         culated; and  
12                         “(iv) designate as small lenders any  
13                         holder identified as a member of the subset  
14                         under clause (iii).”.

15 **SEC. 119. MARKET-BASED DETERMINATION OF LENDER RE-  
16 TURNS.**

17                 (a) JOINT PLANNING STUDY TO SELECT AUCTION  
18                 MECHANISMS FOR TESTING.—

19                 (1) PLANNING STUDY.—The Secretaries of  
20                 Education and Treasury jointly shall conduct a plan-  
21                 ning study, in consultation with the Office of Man-  
22                 agement and Budget, the Congressional Budget Of-  
23                 fice, the General Accounting Office, and other indi-  
24                 viduals and entities the Secretaries determines ap-  
25                 propriate, to—

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

9                             (B) determine what related administrative  
10                            and other changes will be required in order to  
11                            ensure that high-quality services are provided  
12                            under a successful implementation of market-  
13                            based determinations of lender returns for all  
14                            loans made, insured, or guaranteed under such  
15                            part.

16                             (2) MATTERS EXAMINED.—The planning study  
17                            under this subsection shall examine—

18                             (A) whether it is most appropriate to auc-  
19                            tion existing loans under part B of title IV of  
20                            such Act, to auction the rights to originate  
21                            loans under such part, or whether the sale of  
22                            securities backed by federally-owned student  
23                            loan assets originated by banks acting as agents  
24                            of the Federal Government would provide the  
25                            most efficient market-based alternative;

20 (B) minimize administrative complexity for  
21 borrowers, institutions, lenders, and the Federal  
22 Government; and

(C) reduce Federal costs if used on a program-wide basis.

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

8 (b) PILOT PROGRAMS TO BE TESTED.—

9                             (1) AUTHORIZATION.—

10                                 (A) IN GENERAL.—Notwithstanding any  
11 other provision of law, after the report de-  
12 scribed in subsection (a)(4) is transmitted to  
13 Congress, the Secretary of Education shall, in  
14 consultation with the Secretary of the Treasury,  
15 begin preparations necessary to carry out pilot  
16 programs meeting the requirements of this sub-  
17 section in accordance with the implementation  
18 plan included in such report.

19                                 (B) IMPLEMENTATION DATE.—The Sec-  
20 retary of Education shall commence implemen-  
21 tation of the pilot programs under this sub-  
22 section not earlier than July 1, 2008.

23                                 (C) DURATION AND LOAN VOLUME.—The  
24 pilot programs under this subsection shall be  
25 not more than two academic years in duration,

1           and the Secretary of Education may use the  
2           pilot programs to determining the lender re-  
3           turns for not more than—

- 4                         (i) 10 percent of the annual loan vol-  
5                         ume under part B of title IV of the Higher  
6                         Education Act of 1965 during the first  
7                         year of the pilot programs under this sub-  
8                         section; and  
9                         (ii) 20 percent of the annual loan vol-  
10                         ume under part B of title IV of such Act  
11                         during the second year of the pilot pro-  
12                         grams under this subsection.

13                 (2) VOLUNTARY PARTICIPATION.—

14                         (A) Participation in any auction-based  
15                         pilot program under this subsection shall be vol-  
16                         untary for eligible institutions and eligible lend-  
17                         ers participating under part B of title IV of  
18                         such Act prior to July 1, 2006.

19                         (B) All savings to the United States Treas-  
20                         ury generated by such auctions shall be distrib-  
21                         uted to institutions participating under this  
22                         subsection on a basis proportionate to loan vol-  
23                         ume under such part for supplemental, need-  
24                         based financial aid, except that an institution  
25                         that is operating as an eligible lender under

1           section 435(d)(2) of such Act shall not be eligi-  
2           ble for any such distribution.

3           (3) INDEPENDENT EVALUATION.—The Govern-  
4           ment Accountability Office shall conduct an inde-  
5           pendent evaluation of the pilot programs under this  
6           subsection, which evaluation shall be completed, and  
7           the results of such submitted to the Secretary of  
8           Education, the Secretary of the Treasury, and Con-  
9           gress, not later than 120 days after the termination  
10          of such pilot programs.

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

22           (1) the Secretary of Education, in consultation  
23           with the Secretary of the Treasury, has certified  
24           that the auction-based system that the Secretary of

1 Education intends to implement on a program-wide  
2 basis would—

3 (A) ensure loan availability under such  
4 part to all eligible students at all participating  
5 institutions;

6 (B) minimize administrative complexity for  
7 borrowers, institutions, lenders, and the Federal  
8 Government, including the enhancement of the  
9 modernization of the student financial aid sys-  
10 tem; and

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

13 (2) the Secretary of Education has notified  
14 Congress of the Secretary's intent to implement a  
15 program-wide auction based system, and has pro-  
16 vided a description of the structure of such auction-  
17 based system, at least 120 days before implementing  
18 such system.

19 (d) CONSULTATION.—

20 (1) IN GENERAL.—As part of the planning  
21 study, pilot programs, and program-wide implemen-  
22 tation phases described in this section, the Secretary  
23 of Education shall consult with representatives of in-  
24 vestment banks, ratings agencies, lenders, institu-  
25 tions of higher education, and students, as well as

1 individuals or other entities with pertinent technical  
2 expertise. The Secretary of Education shall engage  
3 in such consultations using such methods as, and to  
4 the extent that, the Secretary determines appro-  
5 priate to the time constraints associated with the  
6 study, programs, and implementation.

7           (2) SERVICES OF OTHER FEDERAL AGEN-  
8 CIES.—In carrying out the planning study and pilot  
9 programs described in this section, the Secretary of  
10 Education may use, on a reimbursable basis, the  
11 services (including procurement authorities and serv-  
12 ices), equipment, personnel, and facilities of other  
13 agencies and instrumentalities of the Federal Gov-  
14 ernment.

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

16       (a) AGENCY OPERATING FUNDS.—Section 422B(c)  
17 (20 U.S.C. 1072b(c)) is amended—

18           (1) by striking “and” at the end of paragraph  
19 (5);

20           (2) by redesignating paragraph (6) as para-  
21 graph (7); and

22           (3) by inserting after paragraph (5) the fol-  
23 lowing new paragraph:

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

1       (b) DELINQUENCY PREVENTION FEE.—Section 428

2 (20 U.S.C. 1078) is amended by adding at the end the

3 following new subsection:

4       “(o) DELINQUENCY PREVENTION FEE.—

5           “(1) AMOUNT OF FEE.—The Secretary shall  
6       pay to each guaranty agency, on a monthly basis, a  
7       delinquency prevention fee equal to 0.0055 percent  
8       of the original principal amount of loans insured by  
9       the agency, other than loans in in-school or grace  
10      period status, that are not in delinquency status as  
11      of the end of the previous month.

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

16          (c) MINIMUM LOAN PROCESSING AND ISSUANCE

17 FEES.—Section       428(f)(1)(A)(ii)       (20       U.S.C.

18 1078(f)(1)(A)(ii)) is amended by inserting before the pe-  
19 riod at the end the following: “, except that the total  
20 amount of such payments to each guaranty agency in any  
21 fiscal year shall equal at least \$1,500,000”.

**1 PART C—REWARDING SERVICE IN REPAYMENT****2 SEC. 131. LOAN FORGIVENESS FOR SERVICE IN AREAS OF  
3 NATIONAL NEED.**

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

**6 “SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF  
7 NATIONAL NEED.****8       “(a) PROGRAM AUTHORIZED.—**

9           “(1) LOAN FORGIVENESS AUTHORIZED.—The  
10      Secretary shall forgive, in accordance with this sec-  
11      tion, the student loan obligation of a borrower in the  
12      amount specified in subsection (c), for any new bor-  
13      rower after the date of enactment of the College  
14      Cost Reduction Act of 2007, who—

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

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

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

22           “(A) through the holder of the loan, to as-  
23      sume the obligation to repay a qualified loan  
24      amount for a loan made, insured, or guaranteed  
25      under this part; and

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

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

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

10                “(1) EARLY CHILDHOOD EDUCATORS.—An in-  
11                 dividual who is employed as an early childhood edu-  
12                 cator in an eligible preschool program or eligible  
13                 early childhood education program in a low-income  
14                 community, and who is involved directly in the care,  
15                 development, and education of infants, toddlers, or  
16                 young children age 5 and under.

17                “(2) NURSES.—An individual who is em-  
18                 ployed—

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

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

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

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

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

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

11           “(A) a public library that serves a geo-  
12 graphic area within which the public schools  
13 have a combined average of 30 percent or more  
14 of their total student enrollments composed of  
15 children counted under section 1113(a)(5) of  
16 the Elementary and Secondary Education Act  
17 of 1965; or

18           “(B) an elementary or secondary school  
19 which is in the school district of a local edu-  
20 cational agency which is eligible in such year  
21 for assistance pursuant to title I of the Elemen-  
22 tary and Secondary Education Act of 1965, and  
23 which for the purpose of this paragraph and for  
24 that year has been determined by the Secretary  
25 (pursuant to regulations and after consultation

1       with the State educational agency of the State  
2       in which the school is located) to be a school in  
3       which the enrollment of children counted under  
4       section 1113(a)(5) of the Elementary and Sec-  
5       ondary Education Act of 1965 exceeds 30 per-  
6       cent of the total enrollment of that school.

7       “(5) HIGHLY QUALIFIED TEACHERS: BILIN-  
8       GUAL EDUCATION AND LOW-INCOME COMMU-  
9       NITIES.—An individual who—

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

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

15       “(ii) is employed as a teacher in a public  
16       or nonprofit private elementary or secondary  
17       school which is in the school district of a local  
18       educational agency which is eligible in such year  
19       for assistance pursuant to title I of the Elemen-  
20       tary and Secondary Education Act of 1965, and  
21       which for the purpose of this paragraph and for  
22       that year has been determined by the Secretary  
23       (pursuant to regulations and after consultation  
24       with the State educational agency of the State  
25       in which the school is located) to be a school in

1           which the enrollment of children counted under  
2           section 1113(a)(5) of the Elementary and Sec-  
3           ondary Education Act of 1965 exceeds 40 per-  
4           cent of the total enrollment of that school.

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

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

10                 “(B) is employed in public or private child  
11                 welfare services.

12           “(7) SPEECH-LANGUAGE PATHOLOGISTS.—An  
13           individual who is a speech-language pathologist, who  
14           is employed in an eligible preschool program or an  
15           elementary or secondary school, and who has, at a  
16           minimum, a graduate degree in speech-language pa-  
17           thology, or communication sciences and disorders.

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

23           “(9) SCHOOL COUNSELORS.—An individual who  
24           is employed as a school counselor (as such term is  
25           defined in section 5421(e)(3) of Elementary and

1       Secondary Education Act of 1965 (20 U.S.C.  
2       7245(e)(3)) in an elementary or secondary school  
3       which is in the school district of a local educational  
4       agency which is eligible in such year for assistance  
5       pursuant to title I of the Elementary and Secondary  
6       Education Act of 1965, and which for the purpose  
7       of this paragraph and for that year has been deter-  
8       mined by the Secretary (pursuant to regulations and  
9       after consultation with the State educational agency  
10      of the State in which the school is located) to be a  
11      school in which the enrollment of children counted  
12      under section 1113(a)(5) of the Elementary and  
13      Secondary Education Act of 1965 exceeds 30 per-  
14      cent of the total enrollment of that school.

15      “(10) PUBLIC SECTOR EMPLOYEES.—An indi-  
16      vidual who is employed in public safety (including as  
17      a first responder, firefighter, police officer, or other  
18      law enforcement or public safety officer), emergency  
19      management (including as an emergency medical  
20      technician), public health, or public interest legal  
21      services (including prosecution or public defense or  
22      legal advocacy in low-income communities at a non-  
23      profit organization).

24      “(c) QUALIFIED LOAN AMOUNT.—At the end of each  
25      school, academic, or calendar year of full-time employment

1 in an area of national need described in subsection (b),  
2 not to exceed 5 years, the Secretary shall forgive not more  
3 than \$1,000 of the student loan obligation of a borrower  
4 that is outstanding after the completion of each such  
5 school, academic, or calendar year of employment, as ap-  
6 proprie, not to exceed \$5,000 in the aggregate for any  
7 borrower.

8       “(d) CONSTRUCTION.—Nothing in this section shall  
9 be construed to authorize the refunding of any repayment  
10 of a loan.

11       “(e) SEGAL AMERICORPS EDUCATION AWARD AND  
12 NATIONAL SERVICE AWARD RECIPIENTS.—A student bor-  
13 rower who qualifies for the maximum education award  
14 under subtitle D of title I of the National and Community  
15 Service Act of 1990 (42 U.S.C. 12601 et seq.) shall re-  
16 ceive under this section the amount, if any, by which the  
17 maximum benefit available under this section exceeds the  
18 maximum education award available under such subtitle.

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

22       “(g) DEFINITIONS.—In this section:

23           “(1) CRITICAL FOREIGN LANGUAGE.—The term  
24           ‘critical foreign language’ includes the languages of  
25           Arabic, Korean, Japanese, Chinese, Pashto, Persian-

1       Farsi, Serbian-Croatian, Russian, Portuguese, and  
2       any other language identified by the Secretary of  
3       Education, in consultation with the Defense Lan-  
4       guage Institute, the Foreign Service Institute, and  
5       the National Security Education Program, as a crit-  
6       ical foreign language need.

7           “(2) EARLY CHILDHOOD EDUCATOR.—The  
8       term ‘early childhood educator’ means an early  
9       childhood educator who works directly with children  
10      in an eligible preschool program or eligible early  
11      childhood education program who has completed a  
12      baccalaureate or advanced degree in early childhood  
13      development, early childhood education, or in a field  
14      related to early childhood education.

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

22           “(A) a public or private school that is sup-  
23       ported, sponsored, supervised, or administered  
24       by a local educational agency;

1               “(B) a Head Start agency serving as a  
2               grantee designated under the Head Start Act  
3               (42 U.S.C. 9831 et seq.);

4               “(C) a nonprofit or community based orga-  
5               nization; or

6               “(D) a child care program, including a  
7               home.

8               “(4) ELIGIBLE EARLY CHILDHOOD EDUCATION  
9               PROGRAM.—The term ‘eligible early childhood edu-  
10              cation program’ means—

11              “(A) a family child care program, center-  
12              based child care program, State prekinder-  
13              garten program, school program, or other out-  
14              of-home early childhood development care pro-  
15              gram, that—

16              “(i) is licensed or regulated by the  
17              State; and

18              “(ii) serves 2 or more unrelated chil-  
19              dren who are not old enough to attend kin-  
20              dergarten;

21              “(B) a Head Start Program carried out  
22              under the Head Start Act (42 U.S.C. 9831 et  
23              seq.); or

1                 “(C) an Early Head Start Program carried  
2                 out under section 645A of the Head Start Act  
3                 (42 U.S.C. 9840a).

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

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

11                 “(A) The nurse graduated from—

12                 “(i) an accredited school of nursing  
13                 (as those terms are defined in section 801  
14                 of the Public Health Service Act (42  
15                 U.S.C. 296));

16                 “(ii) a nursing center; or

17                 “(iii) an academic health center that  
18                 provides nurse training.

19                 “(B) The nurse holds a valid and unre-  
20                 stricted license to practice nursing in the State  
21                 in which the nurse practices in a clinical set-  
22                 ting.

23                 “(C) The nurse holds one or more of the  
24                 following:

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

3                         “(ii) A nursing degree from a colle-  
4                         giate school of nursing (as defined in sec-  
5                         tion 801 of the Public Health Service Act  
6                         (42 U.S.C. 296)).

7                         “(iii) A nursing degree from an asso-  
8                         ciate degree school of nursing (as defined  
9                         in section 801 of the Public Health Service  
10                         Act (42 U.S.C. 296)).

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

15                   “(7) SPEECH-LANGUAGE PATHOLOGIST.—The  
16                   term ‘speech-language pathologist’ means a speech-  
17                   language pathologist who—

18                 “(A) has received, at a minimum, a grad-  
19                 uate degree in speech-language pathology or  
20                 communication sciences and disorders from an  
21                 institution of higher education accredited by an  
22                 agency or association recognized by the Sec-  
23                 retary pursuant to section 496(a) of this Act;  
24                 and

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

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

**12 SEC. 132. INCOME-CONTINGENT REPAYMENT FOR PUBLIC  
13 SECTOR EMPLOYEES.**

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

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

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

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

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

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

18                         “(8) RETURN TO STANDARD REPAYMENT.—A  
19                         borrower who is repaying a loan made under this  
20                         part pursuant to income-contingent repayment may  
21                         choose, at any time, to terminate repayment pursu-  
22                         ant to income-contingent repayment and repay such  
23                         loan under the standard repayment plan.”.

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

2       (a) AMENDMENT.—Part G of title IV (20 U.S.C.  
3 1088 et seq.) is further amended by adding at the end  
4 the following:

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

6       “(a) DEFINITIONS.—In this section:

7           “(1) EXCEPTED PLUS LOAN.—The term ‘ex-  
8 cepted PLUS loan’ means a loan under section  
9 428B, or a Federal Direct PLUS Loan, that is  
10 made, insured, or guaranteed on behalf of a depend-  
11 ent student.

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

15              “(A) the annual amount due on the total  
16 amount of loans made, insured, or guaranteed  
17 under part B or D (other than an excepted  
18 PLUS loan) to a borrower as calculated under  
19 the standard repayment plan under section  
20 428(b)(9)(A)(i) or 455(d)(1)(A); exceeds

21              “(B) 15 percent of the result obtained by  
22 calculating the amount by which—

23                  “(i) the borrower’s, and the bor-  
24 rower’s spouse’s (if applicable), adjusted  
25 gross income; exceeds

1                         “(ii) 150 percent of the poverty line  
2                         applicable to the borrower’s family size as  
3                         determined under section 673(2) of the  
4                         Community Services Block Grant Act (42  
5                         U.S.C. 9902(2)).

6                 “(b) INCOME-BASED REPAYMENT PROGRAM AU-  
7 THORIZED.—Notwithstanding any other provision of this  
8 Act, the Secretary shall carry out a program under  
9 which—

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

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

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

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

1           “(5) the amount of time the borrower makes  
2 monthly payments under paragraph (1) may exceed  
3 10 years;

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

7           “(A) the maximum monthly payment re-  
8 quired to be paid for all loans made to the bor-  
9 rower under part B or D (other than an ex-  
10 cepted PLUS loan) shall not exceed the month-  
11 ly amount calculated under section  
12 428(b)(9)(A)(i) or 455(d)(1)(A) when the bor-  
13 rower first made the election described in this  
14 subsection; and

15           “(B) the amount of time the borrower is  
16 permitted to repay such loans may exceed 10  
17 years;

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

23           “(A) is in deferment due to an economic  
24 hardship described in section 435(o) for a pe-

1           riod of time prescribed by the Secretary, not to  
2           exceed 20 years; or

3                 “(B)(i) makes the election to participate in  
4                 income-based repayment under paragraph (1);  
5                 and

6                 “(ii) for a period of time prescribed by the  
7                 Secretary, not to exceed 20 years (including any  
8                 period during which the borrower is in  
9                 deferment due to an economic hardship de-  
10                 scribed in section 435(o)), meets 1 or more of  
11                 the following requirements:

12                 “(I) has made reduced monthly pay-  
13                 ments under paragraph (1);

14                 “(II) has made monthly payments of  
15                 not less than the monthly amount cal-  
16                 culated under section 428(b)(9)(A)(i) or  
17                 455(d)(1)(A) when the borrower first made  
18                 the election described in this subsection;

19                 “(III) has made payments under a  
20                 standard repayment plan under section  
21                 428(b)(9)(A)(i) or 455(d)(1)(A);

22                 “(IV) has made payments under an  
23                 income-contingent repayment plan under  
24                 section 455(d)(1)(D); and

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

6       (b) CONFORMING ICR AMENDMENT.—Section  
7 455(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)) is amended by  
8 inserting “made on behalf of a dependent student” after  
9 “PLUS loan”.

10 **SEC. 134. DEFINITION OF ECONOMIC HARSHSHIP.**

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

12           (1) in paragraph (1)—

13              (A) in subparagraph (A)(ii)—

14                  (i) by striking “100 percent of the  
15               poverty line for a family of 2” and insert-  
16               ing “150 percent of the poverty line appli-  
17               cable to the borrower’s family size”; and

18                  (ii) by inserting “or” after the semi-  
19               colon;

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

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

23           (2) in paragraph (2), by striking “(1)(C)” and  
24       inserting “(1)(B)”.

**1 SEC. 135. DEFERRALS.**

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

5       (b) INTEREST SUBSIDIES.—Section 428(b)(1)(M)(iv)  
6 (20 U.S.C. 1078(b)(1)(M)(iv)) is amended by striking  
7 “not in excess of 3 years”.

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

11       (d) PERKINS.—Section 464(c)(2)(A)(iv) (20 U.S.C.  
12 1087dd(c)(2)(A)(iv)) is amended by striking “not in ex-  
13 cess of 3 years”.

**14 SEC. 136. MAXIMUM REPAYMENT PERIOD.**

15       (a) IN GENERAL.—Section 455(e) (20 U.S.C.  
16 1087e(e)) is amended by adding at the end the following:

17           “(9) MAXIMUM REPAYMENT PERIOD.—In calcu-  
18 lating the extended period of time for which an in-  
19 come-contingent repayment plan under this sub-  
20 section may be in effect for a borrower, the Sec-  
21 retary shall include all time periods during which a  
22 borrower of loans under part B, part D, or part E—

23           “(A) is not in default on any loan that is  
24 included in the income-contingent repayment  
25 plan; and

1                 “(B)(i) is in deferment due to an economic  
2                 hardship described in section 435(o);  
3                 “(ii) makes monthly payments under para-  
4                 graph (1) or (6) of section 493C(b); or  
5                 “(iii) makes payments under a standard  
6                 repayment plan described in section  
7                 428(b)(9)(A)(i) or subsection (d)(1)(A).”.

8                 (b) TECHNICAL CORRECTION.—Section 455(d)(1)(C)  
9                 (20 U.S.C. 1087e(d)(1)(C)) is amended by striking  
10                 “428(b)(9)(A)(v)” and inserting “428(b)(9)(A)(iv)”.

11                 **SEC. 137. DEFERRAL OF LOAN REPAYMENT FOLLOWING AC-  
12                 TIVE DUTY.**

13                 Part G of title IV is amended by inserting after sec-  
14                 tion 484B (20 U.S.C. 1091b) the following new section:  
15                 **“SEC. 484C. DEFERRAL OF LOAN REPAYMENT FOLLOWING**

16                 **ACTIVE DUTY.**

17                 “(a) DEFERRAL OF LOAN REPAYMENT FOLLOWING  
18                 ACTIVE DUTY.—In addition to any deferral of repayment  
19                 of a loan made under this title pursuant to section  
20                 428(b)(1)(M)(iii), 455(f)(2)(C), or 464(c)(2)(A)(ii), a bor-  
21                 rower of a loan under this title who is a member of the  
22                 National Guard or other reserve component of the Armed  
23                 Forces of the United States, or a member of such Armed  
24                 Forces in a retired status, is called or ordered to active  
25                 duty, and is currently enrolled, or was enrolled within six

1 months prior to the activation, in a program of instruction  
2 at an eligible institution, shall be eligible for a deferment  
3 during the 13 months following the conclusion of such  
4 service, except that a deferment under this subsection  
5 shall expire upon the borrower's return to enrolled student  
6 status.

7       “(b) ACTIVE DUTY.—Notwithstanding section  
8 481(d), in this section, the term ‘active duty’ has the  
9 meaning given such term in section 101(d)(1) of title 10,  
10 United States Code, except that such term—

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

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

## 17 SEC. 141. FEDERAL PERKINS LOANS.

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

“(3) In addition to any amounts appropriated pursuant to paragraph (1) or (2) of this subsection, there shall be available to the Secretary for contributions to student loan funds established under part E, from funds not otherwise appropriated, \$100,000,000 for each of the fiscal years 2008

1 through 2012. The sum of the amount made available  
2 under this subsection for any such fiscal year,  
3 plus the amount so appropriated for such fiscal year,  
4 shall, for purposes of allocations under section 462,  
5 be treated as the amount appropriated pursuant to  
6 section 461(b) for such fiscal year.

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

12 SEC. 201. CONSUMER INFORMATION AND PUBLIC AC-  
13 COUNTABILITY IN HIGHER EDUCATION.

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

16 "SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-  
17 COUNTABILITY IN HIGHER EDUCATION.

18        "(a) COLLEGE OPPORTUNITY ON-LINE (COOL)  
19 WEBSITE RE-DESIGN PROCESS.—In carrying out this  
20 section, the Commissioner of Education Statistics—

“(1) shall identify the data elements related to college costs that are of greatest importance to prospective students, enrolled students, and their families, paying particular attention to low-income, non-

1 traditional student populations, and first-generation  
2 college students;

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

6 “(A) determine the relevance of particular  
7 data elements to prospective students, enrolled  
8 students, and families based upon the results of  
9 opinion research; and

10 “(B) make recommendations regarding the  
11 inclusion of specific data items and the most ef-  
12 fective and least burdensome methods of col-  
13 lecting and reporting useful data from institu-  
14 tions of higher education; and

15 “(3) shall ensure that the redesigned COOL  
16 website—

17 “(A) uses, to the extent practicable, data  
18 elements currently provided by institutions of  
19 higher education to the Secretary;

20 “(B) includes clear and uniform informa-  
21 tion determined to be relevant to prospective  
22 students, enrolled students, and families;

23 “(C) provides comparable information, by  
24 ensuring that information is based on accepted  
25 criteria and common definitions;

1                 “(D) includes a sorting function that per-  
2                 mits users to customize their search for and  
3                 comparison of institutions of higher education  
4                 based on the information identified through the  
5                 process as prescribed in paragraph (1) as being  
6                 of greatest relevance to choosing an institution  
7                 of higher education.

8                 “(b) DATA COLLECTION.—

9                 “(1) DATA SYSTEM.—The Commissioner of  
10                 Education Statistics shall continue to redesign the  
11                 relevant parts of the Integrated Postsecondary Edu-  
12                 cation Data System to include additional data as re-  
13                 quired by this section and to continue to improve the  
14                 usefulness and timeliness of data collected by such  
15                 System in order to inform consumers about institu-  
16                 tions of higher education.

17                 “(2) COLLEGE CONSUMER PROFILE.—The Sec-  
18                 retary shall continue to publish on the COOL  
19                 website, for each academic year and in accordance  
20                 with standard definitions developed by the Commis-  
21                 sioner of Education Statistics (including definitions  
22                 developed under section 131(a)(3)(A) as in effect on  
23                 the day before the date of enactment of the College  
24                 Cost Reduction Act of 2007), from at least all insti-

1       tutions of higher education participating in pro-  
2       grams under title IV the following information:

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

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

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

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

13              “(E) The number and percentage of first-  
14       time, full-time undergraduate students receiving  
15       financial assistance (including grant assistance)  
16       described in each clause of subparagraph (D).

17              “(F) Student enrollment information, in-  
18       cluding information on the number and percent-  
19       age of full-time and part-time students, and the  
20       number and percentage of resident and non-  
21       resident students.

22              “(G) Faculty-to-student ratios.

23              “(H) The total number of faculty and the  
24       percentage of faculty who are full-time employ-

1           ees of the institution and the percentage who  
2           are part-time.

3           “(I) Graduation rates calculated pursuant  
4           to section 485(a)(1)(L), including rates  
5           disaggregated by gender, by each major racial  
6           and ethnic subgroup, and by income status, as  
7           measured by receipt of Federal Pell Grants or  
8           Federal subsidized student loans.

9           “(J) A link to the institution of higher  
10          education with information of interest to stu-  
11          dents including mission, accreditation, student  
12          services (including services for students with  
13          disabilities), transfer of credit policies, any ar-  
14          ticulation agreements entered into by the insti-  
15          tution.

16           “(K) The college affordability information  
17          elements specified in subsection (d).

18           “(c) INFORMATION TO THE PUBLIC.—The Secretary  
19          shall work with public and private entities to promote  
20          broad public awareness, particularly among middle and  
21          high school students and their families, of the information  
22          made available under this section, including by distribu-  
23          tion to students who participate in or receive benefits from  
24          means-tested federally funded education programs and  
25          other Federal programs determined by the Secretary.

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

5           “(1) the sticker price of the institution for the  
6 5 most recent academic years; and

7           “(2) the net tuition of the institution for the  
8 most recent academic year for which data are avail-  
9 able.

10         “(e) OUTCOMES AND ACTIONS.—

11           “(1) RESPONSE FROM INSTITUTION.—Effective  
12 on June 30, 2011, an institution that increases its  
13 sticker price at a percentage rate for any 3-year in-  
14 terval ending on or after that date that exceeds two  
15 times the rate of change in the higher education  
16 price index over the same time period shall provide  
17 a report to the Secretary. Such report shall be pub-  
18 lished by the Secretary on the COOL website, and  
19 shall include—

20           “(A) a description of the factors contrib-  
21 uting to the increase in the institution’s costs  
22 and in the tuition and fees charged to students;  
23 and

24           “(B) if determinations of tuition and fee  
25 increases are not within the exclusive control of

1           the institution, a description of the agency or  
2           instrumentality of State government or other  
3           entity that participates in such determinations  
4           and the authority exercised by such agency, in-  
5           strumentality, or entity.

6           “(2) CONSEQUENCES FOR 2-YEAR CONTINU-  
7           ATION OF FAILURE.—If the Secretary determines  
8           that an institution that is subject to paragraph (1)  
9           has failed to reduce the subsequent increase in stick-  
10          er price to equal to or below two times the rate of  
11          change in the higher education price index for 2 con-  
12          secutive academic years subsequent to the 3-year in-  
13          terval used under paragraph (1), the Secretary shall  
14          place the institution on affordability alert status.

15          “(3) EXEMPTIONS.—Notwithstanding para-  
16          graph (2), an institution shall not be placed on af-  
17          fordability alert status if, for any 3-year interval for  
18          which sticker prices are computed under paragraph  
19          (1)—

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

1                 “(B) the institution has a percentage  
2                 change in its sticker price computed under  
3                 paragraph (1) that exceeds two times the rate  
4                 of change in the higher education price index  
5                 over the same time period, but the dollar  
6                 amount of the sticker price increase is less than  
7                 \$500.

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

20                 “(5) CLASSES OF INSTITUTIONS.—For purposes  
21                 of this subsection, the classes of institutions shall be  
22                 those sectors used by the Integrated Postsecondary  
23                 Education Data System, based on whether the insti-  
24                 tution is public, nonprofit private, or for-profit pri-

1 vate, and whether the institution has a 4-year, 2-  
2 year, or less than 2-year program of instruction.

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

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

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

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

20 “(1) NET TUITION.—The term ‘net tuition’  
21 means the average tuition and fees charged to a full-  
22 time undergraduate student by an institution of  
23 higher education for any academic year, minus the  
24 average grant amount received by such a student for  
25 such academic year.

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

“(3) HIGHER EDUCATION PRICE INDEX.—The term ‘higher education price index’ means a statistical measure of change over time in the prices of a fixed market basket of goods and services purchased by colleges and universities through current fund educational and general expenditures (excluding expenditures for research), as developed by the Bureau of Labor Statistics.”.

14 SEC. 202. COOPERATIVE EDUCATION REWARDS FOR INSTI-  
15 TUTIONS THAT RESTRAIN TUITION IN-  
16 CREASES.

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

**“TITLE VIII—RESTRAINING  
TUITION INCREASES**

22 “PART A—COOPERATIVE EDUCATION

### 23 "SEC. 801. DEFINITION OF COOPERATIVE EDUCATION.

24 "For the purpose of this title the term 'cooperative  
25 education' means the provision of alternating or parallel

1 periods of academic study and public or private employ-  
2 ment in order to give students work experiences related  
3 to their academic or occupational objectives and an oppor-  
4 tunity to earn the funds necessary for continuing and com-  
5 pleting their education.

6 **SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RES-**  
7 **ERVATIONS.**

8       “(a) APPROPRIATIONS.—There shall be available to  
9 the Secretary to carry out this title from funds not other-  
10 wise appropriated \$15,000,000 for each of the fiscal years  
11 2008 through 2012.

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

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

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

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

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

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

6       **“(c) AVAILABILITY OF APPROPRIATIONS.—Appro-**  
7       priations under this title shall not be available for the pay-  
8       ment of compensation of students for employment by em-  
9       ployers under arrangements pursuant to this title.

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

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

13      **“(a) GRANTS AUTHORIZED.—**

14      **“(1) IN GENERAL.—The Secretary is author-**  
15       ized—

16           **“(A) from the amount available under sec-**  
17       tion 802(b)(1) in each fiscal year and in accord-  
18       ance with the provisions of this title, to make  
19       grants to institutions of higher education or  
20       combinations of such institutions that have not  
21       previously received a grant under this para-  
22       graph to pay the Federal share of the cost of  
23       planning, establishing, expanding, or carrying  
24       out programs of cooperative education by such  
25       institutions or combinations of institutions; and

1                 “(B) from the amount available under sec-  
2                 tion 802(b)(2) in each fiscal year and in accord-  
3                 ance with the provisions of this title, to make  
4                 grants to institutions of higher education that  
5                 are operating an existing cooperative education  
6                 program (as determined by the Secretary) to  
7                 pay the cost of planning, establishing, expand-  
8                 ing, or carrying out programs of cooperative  
9                 education by such institutions.

10                 “(2) PROGRAM REQUIREMENT.—Cooperative  
11                 education programs assisted under this section shall  
12                 provide alternating or parallel periods of academic  
13                 study and of public or private employment, giving  
14                 students work experience related to their academic  
15                 or occupational objectives and the opportunity to  
16                 earn the funds necessary for continuing and com-  
17                 pleting their education.

18                 “(3) AMOUNT OF GRANTS.—

19                 “(A) The amount of each grant awarded  
20                 pursuant to paragraph (1)(A) to any institution  
21                 of higher education or combination of such in-  
22                 stitutions in any fiscal year shall not exceed  
23                 \$500,000.

24                 “(B)(i) Except as provided in clauses (ii)  
25                 and (iii), the Secretary shall award grants in

1           each fiscal year to each institution of higher  
2           education described in paragraph (1)(B) that  
3           has an application approved under subsection  
4           (b) in an amount which bears the same ratio to  
5           the amount reserved pursuant to section  
6           802(b)(2) for such fiscal year as the number of  
7           unduplicated students placed in cooperative  
8           education jobs during the preceding fiscal year  
9           (other than cooperative education jobs under  
10          section 804 and as determined by the Sec-  
11          retary) by such institution of higher education  
12          bears to the total number of all such students  
13          placed in such jobs during the preceding fiscal  
14          year by all such institutions.

15           “(ii) No institution of higher education  
16          shall receive a grant pursuant to paragraph  
17          (1)(B) in any fiscal year in an amount which  
18          exceeds 25 percent of such institution’s cooper-  
19          ative education program’s personnel and oper-  
20          ating budget for the preceding fiscal year.

21           “(iii) The minimum annual grant amount  
22          which an institution of higher education is eligi-  
23          ble to receive under paragraph (1)(B) is \$1,000  
24          and the maximum annual grant amount is  
25          \$75,000.

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

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

8               “(A) to expand the quality and participa-  
9       tion of a cooperative education program;  
10              “(B) for outreach in new curricular areas;  
11              and  
12              “(C) for outreach to potential participants  
13       including underrepresented and nontraditional  
14       populations.

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

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

22              “(2) specify each portion of such program or  
23       activities which will be performed by a nonprofit or-  
24       ganization or institution other than the applicant,

1 and the compensation to be paid for such perform-  
2 ance;

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

7 “(4) describe the plans which the applicant will  
8 carry out to assure, and contain a formal statement  
9 of the institution’s commitment which assures, that  
10 the applicant will continue the cooperative education  
11 program beyond the 5-year period of Federal assist-  
12 ance described in subsection (c)(1) at a level which  
13 is not less than the total amount expended for such  
14 program during the first year such program was as-  
15 sisted under this section;

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

23 “(6) provide that the applicant will—

24 “(A) for each fiscal year for which the ap-  
25 plicant receives a grant, make such reports with

1 respect to the impact of the cooperative edu-  
2 cation program in the previous fiscal year as  
3 may be essential to ensure that the applicant is  
4 complying with the provisions of this section,  
5 including—

6 “(i) the number of unduplicated stu-  
7 dent applicants in the cooperative edu-  
8 cation program;

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

11 “(iii) the number of employers who  
12 have hired cooperative education students;

13 “(iv) the average income for students  
14 derived from working in cooperative edu-  
15 cation jobs; and

16 “(v) the increase or decrease in the  
17 number of unduplicated students placed in  
18 cooperative education jobs in each fiscal  
19 year compared to the previous fiscal year;  
20 and

21 “(B) keep such records as are essential to  
22 ensure that the applicant is complying with the  
23 provisions of this title, including the notation of  
24 cooperative education employment on the stu-  
25 dent’s transcript;

1           “(7) describe the extent to which programs in  
2       the academic discipline for which the application is  
3       made have had a favorable reception by public and  
4       private sector employers;

5           “(8) describe the extent to which the institution  
6       is committed to extending cooperative education on  
7       an institution-wide basis for all students who can  
8       benefit;

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

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

16          “(11) demonstrate a commitment to serving all  
17      underserved populations; and

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

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

21           “(1) DURATION OF GRANTS.—No individual in-  
22      stitution of higher education may receive, individ-  
23      ually or as a participant in a combination of such in-  
24      stitutions—

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

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

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

7                     “(A) 85 percent of the cost of carrying out  
8                 the program or activities described in the appli-  
9                 cation in the first year the applicant receives a  
10                 grant under this section;

11                     “(B) 70 percent of such cost in the second  
12                 such year;

13                     “(C) 55 percent of such cost in the third  
14                 such year;

15                     “(D) 40 percent of such cost in the fourth  
16                 such year; and

17                     “(E) 25 percent of such cost in the fifth  
18                 such year.

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

22                 “(d) MAINTENANCE OF EFFORT.—If the Secretary  
23                 determines that a recipient of funds under this section has  
24                 failed to maintain the fiscal effort described in subsection

1 (b)(3), then the Secretary may elect not to make grant  
2 payments under this section to such recipient.

3 **SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS;**

4 **TRAINING AND RESOURCE CENTERS; AND RE-**  
5 **SEARCH.**

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

9 “(1) from the amounts available in each fiscal  
10 year under section 802(b)(3), for the conduct of  
11 demonstration projects designed to demonstrate or  
12 determine the feasibility or value of innovative meth-  
13 ods of cooperative education;

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

17 “(A) train personnel in the field of cooper-  
18 ative education;

19 “(B) improve materials used in cooperative  
20 education programs if such improvement is con-  
21 ducted in conjunction with other activities de-  
22 scribed in this paragraph;

23 “(C) furnish technical assistance to institu-  
24 tions of higher education to increase the poten-  
25 tial of the institution to continue to conduct a

1       cooperative education program without Federal  
2       assistance;

3           “(D) encourage model cooperative edu-  
4       cation programs which furnish education and  
5       training in occupations in which there is a na-  
6       tional need;

7           “(E) support partnerships under which an  
8       institution carrying out a comprehensive cooper-  
9       ative education program joins with one or more  
10      institutions of higher education in order to—

11             “(i) assist the institutions other than  
12       the comprehensive cooperative education  
13       institution to develop and expand an exist-  
14       ing program of cooperative education; or

15             “(ii) establish and improve or expand  
16       comprehensive cooperative education pro-  
17       grams; and

18           “(F) encourage model cooperative edu-  
19       cation programs in the fields of science and  
20       mathematics for women and minorities who are  
21       underrepresented in such fields; and

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

25       “(b) ADMINISTRATIVE PROVISION.—

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

3               “(A) make grants to or contracts with in-  
4 stitutions of higher education, or combinations  
5 of such institutions; and

6               “(B) make grants to or contracts with  
7 other public or private nonprofit agencies or or-  
8 ganizations, whenever such grants or contracts  
9 will make an especially significant contribution  
10 to attaining the objectives of this section.

11           “(2) LIMITATION.—

12               “(A) The Secretary may not use more than  
13 3 percent of the amount appropriated to carry  
14 out this section in each fiscal year to make  
15 grants or enter into contracts described in para-  
16 graph (1)(A).

17               “(B) The Secretary may use not more  
18 than 3 percent of the amount appropriated to  
19 carry out this section in each fiscal year to  
20 make grants or enter into contracts described in  
21 paragraph (1)(B).

22           “(c) SUPPLEMENT NOT SUPPLANT.—A recipient of  
23 a grant or contract under this section may use the funds  
24 provided only to supplement and, to the extent possible,  
25 increase the level of funds that would, in the absence of

1 such funds, be made available from non-Federal sources  
2 to carry out the activities supported by such grant or con-  
3 tract, and in no case to supplant such funds from non-  
4 Federal sources.

5                   **“PART B—LOW TUITION**

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

7                   “(a) REWARDS FOR LOW TUITION.—

8                   “(1) COMPETITIVE GRANTS.—The Secretary  
9 shall award grants on a competitive basis to institu-  
10 tions of higher education that, for academic year  
11 2008–2009 or any succeeding academic year, have  
12 an annual net tuition increase (expressed as a per-  
13 centage) for the most recent academic year for  
14 which satisfactory data is available that is equal to  
15 or less than the percentage change in the higher  
16 education price index for such academic year.

17                   “(2) USE OF FUNDS.—Funds awarded to an in-  
18 stitution of higher education under paragraph (1)  
19 shall be distributed by the institution in the form of  
20 need-based grant aid to students who are eligible for  
21 Federal Pell Grants, except that no student shall re-  
22 ceive an amount under this section that would cause  
23 the amount of total financial aid received by such  
24 student to exceed the cost of attendance of the insti-  
25 tution.

1       “(b) REWARDS FOR GUARANTEED TUITION.—

2           “(1) BONUS.—For each institution of higher  
3           education that the Secretary of Education deter-  
4           mines complies with the requirements of paragraph  
5           (2) or (3) of this subsection, the Secretary shall pro-  
6           vide to such institution a bonus amount. Such insti-  
7           tution shall award the bonus amount first to stu-  
8           dents who are eligible for Federal Pell Grants who  
9           were in attendance at the institution during the  
10          award year that such institution satisfied the eligi-  
11          bility criteria for maintaining low tuition and fees,  
12          then to students who are eligible for Federal Pell  
13          Grants who were not in attendance at the institution  
14          during such award year, in the form of need-based  
15          aid.

16           “(2) 4-YEAR INSTITUTIONS.—An institution of  
17          higher education that provides a program of instruc-  
18          tion for which it awards a bachelor’s degree complies  
19          with the requirements of this paragraph if such in-  
20          stitution guarantees that for any academic year be-  
21          ginning on or after July 1, 2008, and for each of the  
22          4 succeeding continuous academic years, the net tui-  
23          tion charged to an undergraduate student will not  
24          exceed—

1               “(A) the amount that the student was  
2 charged for an academic year at the time he or  
3 she first enrolled in the institution of higher  
4 education, plus

5               “(B) the product of the percentage in-  
6 crease in the higher education price index for  
7 the prior academic year, or the most recent  
8 prior academic year for which data is available,  
9 multiplied by the amount determined under  
10 subparagraph (A).

11              “(3) LESS-THAN 4-YEAR INSTITUTIONS.—An  
12 institution of higher education that does not provide  
13 a program of instruction for which it awards a bach-  
14 elor's degree complies with the requirements of this  
15 paragraph if such institution guarantees that for  
16 any academic year (or the equivalent) beginning on  
17 or after July 1, 2008, and for each of the 1.5 suc-  
18 ceeding continuous academic years, the net tuition  
19 charged to an undergraduate student will not ex-  
20 ceed—

21              “(A) the amount that the student was  
22 charged for an academic year at the time he or  
23 she first enrolled in the institution of higher  
24 education, plus

1               “(B) the product of the percentage in-  
2               crease in the higher education price index for  
3               the prior academic year, or the most recent  
4               prior academic year for which data is available,  
5               multiplied by the amount determined under  
6               subparagraph (A).

7        “(c) MAINTAINING AFFORDABLE TUITION.—

8               “(1) INSTITUTION REPORTS.—If an institution  
9               of higher education has an increase in annual net  
10          tuition (expressed as a percentage), for the most re-  
11          cent academic year for which satisfactory data is  
12          available, that is greater than the percentage in-  
13          crease in the higher education price index for such  
14          academic year, the institution is required to submit  
15          to the Secretary the following information, within 6  
16          months of such determination—

17               “(A) a report on the factors contributing  
18          to the increase in the institution’s costs and the  
19          increase in net tuition and fees charged to stu-  
20          dents, including identification of the major  
21          areas in the institution’s budget with the great-  
22          est cost increases;

23               “(B) the institution’s 3 most recent Form  
24          990s submitted to the Internal Revenue Serv-

1           ice, as required under section 6033 of the Inter-  
2           nal Revenue Code of 1986;

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

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

8           “(2) REPORT TO CONGRESS.—The Secretary  
9           shall compile the information submitted under this  
10          subsection and shall provide to the relevant author-  
11          izing committees an annual report relating to such  
12          information.

13           “(d) PRIORITY.—In awarding incentives and rewards  
14          under this section, the Secretary shall give priority to in-  
15          stitutions of higher education with the lowest annual net  
16          tuition increase for the most recent academic year for  
17          which satisfactory data is available, when compared with  
18          other institutions of higher education with annual net tui-  
19          tion increases that are equal to or less than the higher  
20          education price index for such academic year.

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

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

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

13         “(f) DEFINITIONS.—

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

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

19         “(g) FUNDING.—There shall be available to the Sec-  
20 retary to carry out this section, from funds not otherwise  
21 appropriated, \$15,000,000 for each of the fiscal years  
22 2008 through 2012.

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

1   **TITLE III—ENSURING A HIGHLY  
2    QUALIFIED TEACHER IN  
3    EVERY CLASSROOM**

4                   **PART A—TEACH GRANTS**

5   **SEC. 301. TEACH GRANTS.**

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

8                   **“Subpart 9—TEACH Grants**

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

10      “(a) PROGRAM AUTHORITY.—

11       “(1) PAYMENTS REQUIRED.—The Secretary  
12   shall pay to each eligible institution such sums as  
13   may be necessary to pay to each eligible student (de-  
14   fined in accordance with section 484) who files an  
15   application and agreement in accordance with sec-  
16   tion 420M, and who qualifies—

17               “(A) under paragraph (2) of section  
18   420M(a), a TEACH Grant in the amount of  
19   \$4,000 for each academic year during which  
20   that student is in attendance at the institution;  
21   and

22               “(B) under paragraphs (2) and (3) of sec-  
23   tion 420M(a), a Bonus TEACH Grant in the  
24   amount of \$500 (in addition to the amount of  
25   the TEACH Grant under subparagraph (A))

1           for each academic year during which that stu-  
2           dent so qualifies.

3           “(2) REFERENCE.—Grants made under—

4                 “(A) paragraph (1)(A) shall be known as  
5                 ‘Teacher Education Assistance for College and  
6                 Higher Education Grants’ or ‘TEACH Grants’;  
7                 and

8                 “(B) paragraph (1)(B) shall be known as  
9                 Bonus TEACH Grants.

10          “(b) PAYMENT METHODOLOGY.—

11           “(1) PREPAYMENT.—Not less than 85 percent  
12           of any funds provided to an institution under sub-  
13           section (a) shall be advanced to eligible institutions  
14           prior to the start of each payment period and shall  
15           be based upon an amount requested by the institu-  
16           tion as needed to pay eligible students until such  
17           time as the Secretary determines and publishes in  
18           the Federal Register with an opportunity for com-  
19           ment, an alternative payment system that provides  
20           payments to institutions in an accurate and timely  
21           manner, except that this sentence shall not be con-  
22           strued to limit the authority of the Secretary to  
23           place an institution on a reimbursement system of  
24           payment.

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

8           “(3) DISTRIBUTION OF GRANTS TO STU-  
9       DENTS.—Payments under this subpart shall be  
10      made, in accordance with regulations promulgated  
11      by the Secretary for such purpose, in such manner  
12      as will best accomplish the purposes of this subpart.  
13      Any disbursement allowed to be made by crediting  
14      the student’s account shall be limited to tuition and  
15      fees and, in the case of institutionally-owned hous-  
16      ing, room and board. The student may elect to have  
17      the institution provide other such goods and services  
18      by crediting the student’s account.

19           “(c) REDUCTIONS IN AMOUNT.—

20           “(1) PART-TIME STUDENTS.—In any case  
21      where a student attends an institution of higher edu-  
22      cation on less than a full-time basis (including a stu-  
23      dent who attends an institution of higher education  
24      on less than a half-time basis) during any academic  
25      year, the amount of a grant under this subpart for

1 which that student is eligible shall be reduced in  
2 proportion to the degree to which that student is not  
3 attending on a full-time basis, in accordance with a  
4 schedule of reductions established by the Secretary  
5 for the purposes of this subpart, computed in ac-  
6 cordance with this subpart. Such schedule of reduc-  
7 tions shall be established by regulation and pub-  
8 lished in the Federal Register in accordance with  
9 section 482 of this Act.

10       “(2) NO EXCEEDING COST.—The amount of a  
11 grant awarded under this subpart, in combination  
12 with Federal assistance and other student assist-  
13 ance, shall not exceed the cost of attendance (as de-  
14 fined in section 472) at the institution at which that  
15 student is in attendance. If, with respect to any stu-  
16 dent, it is determined that the amount of a TEACH  
17 Grant or a Bonus TEACH Grant exceeds the cost  
18 of attendance for that year, the amount of the  
19 TEACH Grant or Bonus TEACH Grant, respec-  
20 tively, shall be reduced until such grant does not ex-  
21 ceed the cost of attendance at such institution.

22       “(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

23           “(1) UNDERGRADUATE AND POST-BACCA-  
24 LAUREATE STUDENTS.—The period during which an  
25 undergraduate or post-baccalaureate student may re-

1 ceive grants under this subpart shall be the period  
2 required for the completion of the first under-  
3 graduate baccalaureate or post-baccalaureate course  
4 of study being pursued by that student at the insti-  
5 tution at which the student is in attendance except  
6 that—

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

11 “(B) the total amount that a student may  
12 receive under this subpart for undergraduate or  
13 post-baccalaureate study shall not exceed  
14 \$16,000 with respect to a student who receives  
15 only TEACH Grants, and \$18,000 with respect  
16 to a student who receives TEACH Grants and  
17 Bonus TEACH Grants.

18 “(2) GRADUATE STUDENTS.—The period dur-  
19 ing which a graduate student may receive grants  
20 under this subpart shall be the period required for  
21 the completion of a master’s degree course of study  
22 being pursued by that student at the institution at  
23 which the student is in attendance, except that the  
24 total amount that a student may receive under this  
25 subpart for graduate study shall not exceed \$8,000

1       with respect to a student who receives only TEACH  
2       Grants, and \$10,000 with respect to a student who  
3       receives TEACH Grants and Bonus TEACH  
4       Grants.

5           “(3) REMEDIAL COURSE; STUDY ABROAD.—  
6       Nothing in this section shall exclude from eligibility  
7       courses of study which are noncredit or remedial in  
8       nature (including courses in English language acqui-  
9       sition) which are determined by the institution to be  
10      necessary to help the student be prepared for the  
11      pursuit of a first undergraduate baccalaureate or  
12      post-baccalaureate degree or certificate or, in the  
13      case of courses in English language instruction, to  
14      be necessary to enable the student to utilize already  
15      existing knowledge, training, or skills. Nothing in  
16      this section shall exclude from eligibility programs of  
17      study abroad that are approved for credit by the  
18      home institution at which the student is enrolled.

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

20       “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-  
21      BILITY.—

22           “(1) FILING REQUIRED.—The Secretary shall  
23      from time to time set dates by which students shall  
24      file applications for grants under this subpart. Each  
25      student desiring a grant under this subpart for any

1 year shall file an application containing such infor-  
2 mation and assurances as the Secretary may deem  
3 necessary to enable the Secretary to carry out the  
4 functions and responsibilities of this subpart.

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

9 “(A) if the applicant is an enrolled stu-  
10 dent—

11 “(i) the student is an eligible student  
12 for purposes of section 484;

13 “(ii) the student—

14 “(I) has a grade point average  
15 that is determined, under standards  
16 prescribed by the Secretary, to be  
17 comparable to a 3.25 average on a  
18 zero to 4.0 scale, except that, if the  
19 student is in the first year of a pro-  
20 gram of undergraduate education,  
21 such grade point average shall be de-  
22 termined on the basis of the student’s  
23 cumulative high school grade point av-  
24 erage; or

- 1                         “(II) displayed high academic ap-  
2                         titude by receiving a score above the  
3                         75th percentile on at least one of the  
4                         batteries in an undergraduate, post-  
5                         baccalaureate, or graduate school ad-  
6                         missions test; and
- 7                         “(iii) the student is completing  
8                         coursework and other requirements nec-  
9                         essary to begin a career in teaching, or  
10                         plans to complete such coursework and re-  
11                         quirements prior to graduating; or
- 12                         “(B) if the applicant is a current or pro-  
13                         spective teacher applying for a grant to obtain  
14                         a graduate degree—
- 15                         “(i) the applicant is a teacher or a re-  
16                         tiree from another occupation with exper-  
17                         tise in a field in which there is a shortage  
18                         of teachers, such as math, science, special  
19                         education, English language acquisition, or  
20                         another high-need subject; or
- 21                         “(ii) the applicant is or was a teacher  
22                         who is using high-quality alternative cer-  
23                         tification routes, such as Teach for Amer-  
24                         ica, to get certified.

## 1           “(3) DEMONSTRATION OF BONUS TEACH GRANT

2           ELIGIBILITY.—Each application submitted under  
3           paragraph (1) for a Bonus TEACH Grant shall con-  
4           tain such information as is necessary to demonstrate  
5           that the applicant is—

6               “(A) eligible for, and has applied for, a  
7               TEACH Grant; and

8               “(B) a student enrolled in a qualified  
9               teacher preparation program, as defined in sec-  
10              tion 420N.

11          “(b) AGREEMENTS To SERVE.—Each application  
12       under subsection (a) shall contain or be accompanied by  
13       an agreement by the applicant that—

14               “(1) the applicant will—

15               “(A) serve as a full-time teacher for a total  
16               of not less than 4 academic years within 8  
17               years after completing the course of study for  
18               which the applicant received a TEACH Grant  
19               under this subpart;

20               “(B) teach in a school described in section  
21               465(a)(2)(A);

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

23               “(i) TEACH Grants, teach in any of  
24               the following fields: mathematics, science,  
25               a foreign language, bilingual education, or

1                   special education, or as a reading spe-  
2                   cialist, or another field documented as  
3                   high-need by the Federal Government,  
4                   State government, or local education agen-  
5                   cy and approved by the Secretary; or  
6                         “(ii) TEACH Grants and Bonus  
7                   TEACH Grants, teach mathematics,  
8                   science, or a science-related field;  
9                         “(D) submit evidence of such employment  
10                  in the form of a certification by the chief ad-  
11                  ministrative officer of the school upon comple-  
12                  tion of each year of such service; and  
13                         “(E) comply with the requirements for  
14                  being a highly qualified teacher as defined in  
15                  section 9101 of the Elementary and Secondary  
16                  Education Act of 1965; and  
17                         “(2) in the event that the applicant is deter-  
18                  mined to have failed or refused to carry out such  
19                  service obligation, the sum of the amounts of any  
20                  TEACH Grants and Bonus TEACH Grants received  
21                  by such applicant will be treated as a loan and col-  
22                  lected from the applicant in accordance with sub-  
23                  section (c) and the regulations thereunder.  
24                         “(c) REPAYMENT FOR FAILURE TO COMPLETE  
25                  SERVICE.—In the event that any recipient of a grant

1 under this subpart fails or refuses to comply with the serv-  
2 ice obligation in the agreement under subsection (b), the  
3 sum of the amounts of any TEACH Grants and Bonus  
4 TEACH Grants received by such recipient shall be treated  
5 as a Direct Loan under part D of title IV, and shall be  
6 subject to repayment, together with interest thereon ac-  
7 cruing after the period of service, in accordance with terms  
8 and conditions specified by the Secretary in regulations  
9 under this subpart.

10 **“SEC. 420N. DEFINITIONS.**

11 “For the purposes of this subpart:

12       “(1) ELIGIBLE INSTITUTION.—The term ‘eli-  
13 gible institution’ means an institution of higher edu-  
14 cation, as defined in section 102, that the Secretary  
15 determines—

16           “(A) provides high quality teacher prepara-  
17 tion and professional development services, in-  
18 cluding extensive clinical experience as a part of  
19 pre-service preparation;

20           “(B) is financially sound;

21           “(C) provides pedagogical course work, or  
22 assistance in the provision of such coursework,  
23 including the monitoring of student perform-  
24 ance, and formal instruction related to the the-  
25 ory and practices of teaching; and

1                 “(D) provides supervision and support  
2                 services to teachers, or assistance in the provi-  
3                 sion of such services, including mentoring fo-  
4                 cused on developing effective teaching skills and  
5                 strategies.

6                 “(2) QUALIFIED TEACHER PREPARATION PRO-  
7                 GRAM.—The term ‘qualified teacher preparation pro-  
8                 gram’ means a program for students and teachers  
9                 described in subparagraph (A) or (B) of section  
10                 420M(a)(2) (referred to jointly in this paragraph as  
11                 ‘teacher candidates’) that—

12                 “(A) recruits and prepares teacher can-  
13                 didates who major in science, technology fields,  
14                 special education, foreign language, engineer-  
15                 ing, or mathematics disciplines to become cer-  
16                 tified as elementary and secondary teachers in  
17                 those disciplines, special education teachers, or  
18                 teachers of English Language Learners, with  
19                 the goals of improving teacher knowledge and  
20                 effectiveness and increasing elementary and sec-  
21                 ondary student academic achievement;

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

1               “(C) offers a baccalaureate degree, post-  
2 baccalaureate teacher credential, or graduate  
3 degree with a concurrent teacher certification to  
4 teacher candidates;

5               “(D) is implemented in coordination with  
6 the faculty of the relevant departments of the  
7 institution of higher education;

8               “(E) utilizes experienced teachers who  
9 have a demonstrated record of success in teach-  
10 ing underserved students to instruct teacher  
11 candidates in the disciplines described in sub-  
12 paragraph (A);

13               “(F) provides teacher candidates with—

14               “(i) support services, including men-  
15 toring by experienced teachers who have a  
16 demonstrated record of success in teaching  
17 underserved students;

18               “(ii) exposure to, and field experience  
19 in, the classroom within the first year of  
20 entering the qualified teacher preparation  
21 program; and

22               “(iii) other related support practices  
23 while the teacher candidates are partici-  
24 pating in the program, and after such can-  
25 didates graduate from the institution of

1                   higher education and are employed as  
2                   teachers;

3                   “(G) participates in partnerships which in-  
4                   clude the institution of higher education and  
5                   local educational agencies and charter districts  
6                   to provide opportunities for teacher candidate  
7                   field work;

8                   “(H) focuses on increasing the number of  
9                   teachers in the disciplines described in subpara-  
10                  graph (A); and

11                  “(I) encourages individuals from underrep-  
12                  resented populations to enter into the teaching  
13                  profession.

14                  “(3) POST-BACCALAUREATE.—The term ‘post-  
15                  baccalaureate’ means a program of instruction that  
16                  does not lead to a graduate degree, and that consists  
17                  of courses required by a State in order for the stu-  
18                  dent to receive a professional certification or licens-  
19                  ing credential that is required for employment as a  
20                  teacher in an elementary school or secondary school  
21                  in that State, except that such term shall not in-  
22                  clude any program of instruction offered by an insti-  
23                  tution of higher education that offers a bacea-  
24                  laureate degree in education.

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

2        “There shall be available to the Secretary to carry  
3 out this subpart, from funds not otherwise appropriated,  
4 such sums as may be necessary to provide TEACH Grants  
5 and Bonus TEACH Grants in accordance with this sub-  
6 part to each eligible applicant.”.

7        **PART B—CENTERS OF EXCELLENCE**

8     **SEC. 311. CENTERS OF EXCELLENCE.**

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

11        **“PART C—CENTERS OF EXCELLENCE**

12     **“SEC. 231. DEFINITIONS.**

13        “As used in this part:

14           “(1) ELIGIBLE INSTITUTION.—The term ‘eli-  
15 gible institution’ means—

16               “(A) an institution of higher education  
17               that has a teacher preparation program that  
18               meets the requirements of section 203(b)(2)and  
19               that is—

20               “(i) a part B institution (as defined in  
21               section 322);

22               “(ii) a Hispanic-serving institution (as  
23               defined in section 502);

24               “(iii) a Tribal College or University  
25               (as defined in section 316);

1                         “(iv) an Alaska Native-serving institu-  
2                         tion (as defined in section 317(b)); or  
3                         “(v) a Native Hawaiian-serving insti-  
4                         tution (as defined in section 317(b));  
5                         “(B) a consortium of institutions described  
6                         in subparagraph (A); or  
7                         “(C) an institution described in subpara-  
8                         graph (A), or a consortium described in sub-  
9                         paragraph (B), in partnership with any other  
10                        institution of higher education, but only if the  
11                        center of excellence established under section  
12                        232 is located at an institution described in  
13                        subparagraph (A).

14                         “(2) HIGHLY QUALIFIED.—The term ‘highly  
15                         qualified’ when used with respect to an individual  
16                         means that the individual is highly qualified as de-  
17                         termined under section 9101 of the Elementary and  
18                         Secondary Education Act of 1965 (20 U.S.C. 7801)  
19                         or section 602 of the Individuals with Disabilities  
20                         Education Act (20 U.S.C. 1401).

21                         “(3) SCIENTIFICALLY BASED READING RE-  
22                         SEARCH.—The term ‘scientifically based reading re-  
23                         search’ has the meaning given such term in section  
24                         1208 of the Elementary and Secondary Education  
25                         Act of 1965 (20 U.S.C. 6368).

1           “(4) SCIENTIFICALLY BASED RESEARCH.—The  
2       term ‘scientifically based research’ has the meaning  
3       given such term in section 9101 of the Elementary  
4       and Secondary Education Act of 1965 (20 U.S.C.  
5       7801).

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

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

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

15       “(1) Implementing reforms within teacher prep-  
16       aration programs to ensure that such programs are  
17       preparing teachers who are highly qualified, are able  
18       to understand scientifically based research, and are  
19       able to use advanced technology effectively in the  
20       classroom, including use for instructional techniques  
21       to improve student academic achievement, by—

22           “(A) retraining faculty; and

23           “(B) designing (or redesigning) teacher  
24       preparation programs that—

1                         “(i) prepare teachers to close student  
2 achievement gaps, are based on rigorous  
3 academic content, scientifically based re-  
4 search (including scientifically based read-  
5 ing research), and challenging State stu-  
6 dent academic content standards; and  
7                         “(ii) promote strong teaching skills.

8                         “(2) Providing sustained and high-quality  
9 preservice clinical experience, including the men-  
10 toring of prospective teachers by exemplary teachers,  
11 substantially increasing interaction between faculty  
12 at institutions of higher education and new and ex-  
13 perienced teachers, principals, and other administra-  
14 tors at elementary schools or secondary schools, and  
15 providing support, including preparation time, for  
16 such interaction.

17                         “(3) Developing and implementing initiatives to  
18 promote retention of highly qualified teachers and  
19 principals, including minority teachers and prin-  
20 cipals, including programs that provide—

21                         “(A) teacher or principal mentoring from  
22 exemplary teachers or principals; or  
23                         “(B) induction and support for teachers  
24 and principals during their first 3 years of em-  
25 ployment as teachers or principals, respectively.

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

5           “(5) Disseminating information on effective  
6       practices for teacher preparation and successful  
7       teacher certification and licensure assessment prepa-  
8       ration strategies.

9           “(6) Activities authorized under sections 202,  
10      203, and 204.

11          “(c) APPLICATION.—Any eligible institution desiring  
12      a grant under this section shall submit an application to  
13      the Secretary at such a time, in such a manner, and ac-  
14      companied by such information as the Secretary may re-  
15      quire.

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

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

22          “(f) REGULATIONS.—The Secretary shall prescribe  
23      such regulations as may be necessary to carry out this  
24      part.

1   **“SEC. 233. APPROPRIATIONS.**

2       “There shall be available to the Secretary, from funds  
3 not otherwise appropriated, \$50,000,000 for the period  
4 beginning with fiscal year 2008 and ending with fiscal  
5 year 2012, to carry out this part beginning with academic  
6 year 2008–2009, which shall remain available until ex-  
7 pended. The authority to carry out this part shall expire  
8 at the end of fiscal year 2012.”.

9   **TITLE IV—LEVERAGING FUNDS**  
10   **TO INCREASE COLLEGE ACCESS**

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

14   **SEC. 401. INVESTMENT IN HISTORICALLY BLACK COL-**  
15       **LEGES AND UNIVERSITIES AND MINORITY-**  
16       **SERVING INSTITUTION.**

17       Title IV is amended by adding at the end the fol-  
18 lowing new part:

19   **PART      I—STRENGTHENING      HISTORICALLY**  
20       **BLACK COLLEGES AND UNIVERSITIES AND**  
21       **OTHER MINORITY-SERVING INSTITUTIONS**

22   **SEC. 499A. INVESTMENT IN HISTORICALLY BLACK COL-**  
23       **LEGES AND UNIVERSITIES AND OTHER MI-**  
24       **NORITY-SERVING INSTITUTION.**

25       “(a) ELIGIBLE INSTITUTION.—An institution of  
26 higher education is eligible to receive funds from the

1 amounts made available under this section if such institu-  
2 tion is—

3 “(1) a part B institution (as defined in section  
4 322 (20 U.S.C. 1061));

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

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

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

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

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

16 “(b) NEW INVESTMENT OF FUNDS.—

17 “(1) IN GENERAL.—There shall be available to  
18 the Secretary to carry out this section, from funds  
19 not otherwise appropriated, \$100,000,000 for each  
20 of the fiscal years 2008 through 2012. The authority  
21 to carry out this section shall expire at the end of  
22 fiscal year 2012.

23 “(2) ALLOCATION AND ALLOTMENT.—

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

4                     “(i) 40 percent shall be available for  
5                 allocation under subparagraph (B);

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

8                     “(iii) 20 percent shall be available for  
9                 allocation under subparagraph (D).

10                 “(B) HSI STEM AND ARTICULATION PRO-  
11                 GRAMS.—The amount made available for alloca-  
12                 tion under this subparagraph by subparagraph  
13                 (A)(i) for any fiscal year shall be available for  
14                 Hispanic-serving Institutions for activities de-  
15                 scribed in section 503, with a priority given to  
16                 applications that propose—

17                     “(i) to increase the number of His-  
18                 panic and other low income students at-  
19                 taining degrees in the fields of science,  
20                 technology, engineering and mathematics;  
21                 and

22                     “(ii) to develop model transfer and ar-  
23                 ticulation agreements between 2-year His-  
24                 panic-serving institutions and 4-year insti-  
25                 tutions in such fields.

## 1               “(C) ALLOCATION AND ALLOTMENT HBCUS

2               AND PBIS.—From the amount made available  
3               for allocation under this subparagraph by sub-  
4               paragraph (A)(ii) for any fiscal year—5               “(i) \$34,000,000 shall be available to  
6               eligible institutions described in subsection  
7               (a)(1) and shall be made available as  
8               grants under section 323 and allotted  
9               among such institutions under section 324,  
10              treating such amount, plus the amount ap-  
11              propriated for such fiscal year in a regular  
12              or supplemental appropriation Act to carry  
13              out part B of title III, as the amount ap-  
14              propriated to carry out part B of title III  
15              for purposes of allotments under section  
16              324, for use by such institutions with a  
17              priority for—18              “(I) activities described in para-  
19              graphs (1), (2), (4), (5), and (10) of  
20              section 323(a); and21              “(II) other activities, consistent  
22              with the institution’s comprehensive  
23              plan and designed to increase the in-  
24              stitution’s capacity to prepare stu-  
25              dents for careers in the physical and

1                   natural sciences, mathematics, com-  
2                   puter science and information tech-  
3                   nology and sciences, engineering, lan-  
4                   guage instruction in the less-com-  
5                   monly taught languages and inter-  
6                   national affairs, and nursing and al-  
7                   lied health professions; and

8                   “(ii) \$6,000,000 shall be available to  
9                   eligible institutions described in subsection  
10                  (a)(5) and shall be available for a competi-  
11                  tive grant program to award 10 grants of  
12                  \$600,000 annually for programs in the fol-  
13                  lowing areas: science, technology, engineer-  
14                  ing, or mathematics (STEM); health edu-  
15                  cation; internationalization or  
16                  globalization; teacher preparation; or im-  
17                  proving educational outcomes of African  
18                  American males.

19                  “(D) ALLOCATION AND ALLOTMENT TO  
20                  OTHER MINORITY-SERVING INSTITUTIONS.—  
21                  From the amount made available for allocation  
22                  under this subparagraph by subparagraph  
23                  (A)(iii) for any fiscal year (in this subpara-  
24                  graph referred to as the ‘allocable amount’)—

1                 “(i) 60 percent of the allocable  
2                 amount for such fiscal year shall be avail-  
3                 able to eligible institutions described in  
4                 subsection (a)(3) and shall be made avail-  
5                 able as grants under section 316, treating  
6                 such 60 percent of the allocable amount as  
7                 part of the amount appropriated for such  
8                 fiscal year in a regular or supplemental ap-  
9                 propriation Act to carry out such section,  
10                 and using such 60 percent for purposes de-  
11                 scribed in subsection (c) of such section;

12                 “(ii) 30 percent of the allocable  
13                 amount for such fiscal year shall be avail-  
14                 able to eligible institutions described in  
15                 subsection (a)(4) and shall be made avail-  
16                 able as grants under section 317, treating  
17                 such 30 percent of the allocable amount as  
18                 part of the amount appropriated for such  
19                 fiscal year in a regular or supplemental ap-  
20                 propriation Act to carry out such section  
21                 and using such 60 percent for purposes de-  
22                 scribed in subsection (a) of such section;  
23                 and

24                 “(iii) 10 percent of the allocable  
25                 amount for such fiscal year shall be avail-

1               able to eligible institutions described in  
2               subsection (a)(6) for activities described in  
3               section 311(c).

4               “(c) DEFINITIONS.—

5               “(1) PREDOMINANTLY BLACK INSTITUTION.—  
6               The term ‘Predominantly Black institution’ means  
7               an institution of higher education that—

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

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

22              “(C) has an enrollment of undergraduate  
23              students—

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

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

3                         “(iii) of which not less than 50 per-  
4                         cent of the undergraduate students en-  
5                         rolled at the institution are low-income in-  
6                         dividuals or first-generation college stu-  
7                         dents (as that term is defined in section  
8                         402A(g)); and

9                         “(iv) of which not less than 50 per-  
10                         cent of the undergraduate students are en-  
11                         rolled in an educational program leading to  
12                         a bachelor's or associate's degree that the  
13                         institution is licensed to award by the  
14                         State in which it is located;

15                         “(D) is legally authorized to provide, and  
16                         provides within the State, an educational pro-  
17                         gram for which the institution of higher edu-  
18                         cation awards a bachelors degree, or in the case  
19                         of a junior or community college, an associate's  
20                         degree;

21                         “(E) is accredited by a nationally recog-  
22                         nized accrediting agency or association deter-  
23                         mined by the Secretary to be a reliable author-  
24                         ity as to the quality of training offered, or is,  
25                         according to such an agency or association,

1           making reasonable progress toward accredita-  
2           tion; and

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

5           “(2) ENROLLMENT OF NEEDY STUDENTS.—

6           The term ‘enrollment of needy students’ means the  
7           enrollment at an eligible institution with respect to  
8           which not less than 50 percent of the undergraduate  
9           students enrolled in an academic program leading to  
10          a degree—

11           “(A) in the second fiscal year preceding  
12          the fiscal year for which the determination is  
13          made, were Federal Pell Grant recipients for  
14          such year;

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

18           “(C) attended a public or nonprofit private  
19          secondary school—

20           “(i) that is in the school district of a  
21          local educational agency that was eligible  
22          for assistance under part A of title I of the  
23          Elementary and Secondary Education Act  
24          of 1965 for any year during which the stu-  
25          dent attended such secondary school; and

1                         “(ii) which for the purpose of this  
2                         paragraph and for that year was deter-  
3                         mined by the Secretary (pursuant to regu-  
4                         lations and after consultation with the  
5                         State educational agency of the State in  
6                         which the school is located) to be a school  
7                         in which the enrollment of children counted  
8                         under section 1113(a)(5) of such Act ex-  
9                         ceeds 30 percent of the total enrollment of  
10                         such school; or

11                         “(D) are first-generation college students  
12                         (as that term is defined in section 402A(g)),  
13                         and a majority of such first-generation college  
14                         students are low-income individuals.

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

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

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

5           “(A) is an eligible institution under section  
6 312(b); and

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

11          “(6) ASIAN AMERICAN.—The term ‘Asian  
12 American’ has the meaning given the term ‘Asian’ in  
13 the Office of Management and Budget’s Standards  
14 for Maintaining, Collecting, and Presenting Federal  
15 Data on Race and Ethnicity as published on October  
16 30, 1997 (62 Fed. Reg. 58789).

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

22          “(d) TERMINATION OF AUTHORITY.—The authority  
23 to carry out this section expires at the end of fiscal year  
24 2012.”.

**1 PART B—COLLEGE ACCESS CHALLENGE GRANTS****2 SEC. 411. COLLEGE ACCESS CHALLENGE GRANTS.**

3       (a) CHALLENGE GRANT PROGRAM ESTABLISHED.—

4           (1) PROGRAM ESTABLISHED.—The Secretary  
5       shall establish a program to award matching grants  
6       to increase the number of eligible students from un-  
7       derserved populations who enter and complete col-  
8       lege by providing grants to philanthropic organiza-  
9       tions who are members of eligible consortia to carry  
10      out the activities of the consortia to achieve this pur-  
11      pose, including—

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

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

17                  (C) conducting outreach programs to en-  
18       courage eligible students to pursue higher edu-  
19       cation.

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

23           (3) GRANT AMOUNTS.—

24                  (A) IN GENERAL.—A grant awarded under  
25       this part for a given fiscal year to a philan-

1                   thropic organization shall be in an amount  
2                   equal to the lesser of—

**19 (b) USES OF GRANT.—**

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

1           described in subsection (c)(2)(A), to fund the  
2           activities of such consortia in accordance with  
3           the application under subsection (c).

4           (2) LIMITATION.—Not more than 15 percent of  
5           the funds made available annually through a grant  
6           under this section may be used for administrative  
7           purposes.

8           (c) APPLICATIONS.—A philanthropic organization de-  
9           siring a grant under this section shall submit an applica-  
10          tion to the Secretary at such time, in such manner, and  
11          containing such information as the Secretary may require.

12          Such application shall include the following:

13           (1) A description of an eligible consortia that  
14          meets the requirements of subsection (d), with which  
15          the philanthropic organization is affiliated, in ac-  
16          cordance with subsection (g).

17           (2) A detailed description of—

18               (A) the philanthropic organization's plans  
19          for distributing the matching grant funds  
20          among the members of the eligible consortia;  
21          and

22               (B) the eligible consortia's plans for using  
23          the matching grant funds, including how the  
24          funds will be used to provide financial aid, men-

1                   toring, and outreach programs to eligible stu-  
2                   dents.

3                   (3) A plan to ensure the viability of the eligible  
4                   consortia and the work of the consortia beyond the  
5                   grant period.

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

12                  (5) A description of the organizational structure  
13                  that will be used to administer the activities carried  
14                  out under the plan, including a description of the  
15                  system used to track the participation of students  
16                  who receive grants to degree completion.

17                  (6) A description of the strategies that will be  
18                  used to identify eligible students who are enrolled in  
19                  secondary school and who may benefit from the ac-  
20                  tivities of the eligible consortia.

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

1                   (1) be a partnership of mulitple entities that  
2 have agreed to work together to carry out this sec-  
3 tion, including—

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

6                   (B) a State that demonstrates a commit-  
7 ment to ensuring the creation of a Statewide  
8 system to address the issues of early interven-  
9 tion and financial support for eligible students  
10 to enter and remain in college; and

11                  (C) at the discretion of the philanthropic  
12 organization described in subparagraph (A), ad-  
13 dditional partners, including other non-profit or-  
14 ganizations, government entities (including local  
15 municipalities, school districts, cities, and coun-  
16 ties), institutions of higher education, and other  
17 public or private programs that provide men-  
18 toring or outreach programs; and

19                  (2) conduct activities to assist eligible students  
20 with entering and remaining in college, which in-  
21 clude—

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

24                  (B) providing early notification to low-in-  
25 come students of their potential eligibility for

1           Federal financial aid (which may include assist-  
2           ing students and families with filling out  
3           FAFSA forms), as well as financial aid and  
4           other support available from the eligible con-  
5           sortia;

6           (C) encouraging increased eligible student  
7           participation in higher education through men-  
8           toring or outreach programs; and

9           (D) conducting marketing and outreach ef-  
10          forts that are designed to—

11           (i) encourage full participation of eli-  
12          gible students in the activities of the con-  
13          sortia that carry out this section; and

14           (ii) provide the communities impacted  
15          by the activities of the consortia with a  
16          general knowledge about the efforts of the  
17          consortia.

18       (e) REGULATIONS.—The Secretary shall promulgate  
19      regulations to carry out this section. Such regulations  
20      shall include—

21           (1) the maximum grant amount that may be  
22          awarded to a philanthropic organization under this  
23          section;

24           (2) the minimum amount of charitable gifts an  
25          eligible consortia (including its members) shall re-

1 ceive in a fiscal year for the philanthropic organiza-  
2 tion affiliated with such consortia to be eligible for  
3 a grant under this section.

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

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

7 (A) is a member of an underserved popu-  
8 lation;

9 (B) is enrolled—

10 (i) in a secondary school pursuing a  
11 high school diploma; or

12 (ii) in an institution of higher edu-  
13 cation or is planning to attend an institu-  
14 tion of higher education; and

15 (C) either—

16 (i) is receiving, or has received, finan-  
17 cial assistance or support services from the  
18 consortium; or

19 (ii) meets 2 or more of the following  
20 criteria:

21 (I) Has an expected family con-  
22 tribution equal to zero (as described  
23 in section 479 of the Higher Edu-  
24 cation Act of 1965) or a comparable  
25 alternative based upon the State’s ap-

(IV) Is participating in, or has participated in, a Federal, State, institutional, or community mentoring or outreach program, as recognized by the eligible consortia carrying out activities under this section.

18                             (2) PHILANTHROPIC ORGANIZATION.—The term  
19                             “philanthropic organization” means a non-profit or-  
20                             ganization—

- 1                         (B) that is not a local educational agency  
2                         or an institution of higher education;  
3                         (C) that has a demonstrated record of dis-  
4                         persing grant aid to underserved populations to  
5                         ensure access to, and participation in, higher  
6                         education;  
7                         (D) that is affiliated with an eligible con-  
8                         sortia (as defined in subsection (d)) to carry  
9                         out this section; and  
10                         (E) the primary purpose of which is to  
11                         provide financial aid and support services to  
12                         students from underrepresented populations to  
13                         increase the number of such students who enter  
14                         and remain in college.

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

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

23                         (g) PROGRAM FUNDING.—

24                         (1) IN GENERAL.—There shall be available to  
25                         the Secretary to carry out this section, from funds

1 not otherwise appropriated, \$300,000,000 for the  
2 period beginning with fiscal year 2008 and ending  
3 with fiscal year 2012.

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

## PART C—UPWARD BOUND

## 15 SEC. 412. UPWARD BOUND.

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

20        “(f) ABSOLUTE PRIORITY PROHIBITED IN UPWARD  
21 BOUND PROGRAM.—Except as otherwise expressly pro-  
22 vided by amendment to this section, the Secretary shall  
23 not implement or enforce, and shall rescind, the absolute  
24 priority for Upward Bound Program participant selection  
25 and evaluation published by the Department of Education

1 in the Federal Register on September 22, 2006 (71 Fed.  
2 Reg. 55447 et seq.).”.

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

6 “(g) ADDITIONAL FUNDS.—

7 “(1) AUTHORIZATION AND APPROPRIATION.—

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

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

1 shall be made available in the form of 4-year  
2 grants.”.

Passed the House of Representatives July 11, 2007.

Attest:

*Clerk.*

110TH CONGRESS  
1ST SESSION

**H.R. 2669**

---

---

**AN ACT**

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