Union Calendar No. 129

111TH CONGRESS
1ST SESSION

H. R. 3221

[Report No. 111–232]

To amend the Higher Education Act of 1965, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 2009

Mr. GEORGE MILLER of California (for himself, Mr. HINOJOSA, Mr. BISHOP of New York, Mr. PAYNE, Mr. HOLT, Mr. COURTNEY, Ms. HIRONO, Mr. ANDREWS, Mr. KILDEE, Ms. SHEA-PERDER, Mr. GRIJALVA, Mr. LOEBSDACK, Ms. FUDGE, Mr. SCOTT of Virginia, Ms. ESHOO, Mr. TIERNEY, Mr. SABLAN, Mr. WU, Mr. KUCINICH, Mr. HARE, Mr. SESTAK, Ms. WOOLSEy, and Mrs. DAVIS of California) introduced the following bill; which was referred to the Committee on Education and Labor.

JULY 27, 2009

Additional sponsors: Ms. CLARKE, Mr. PIERLUISI, Mr. BERMAN, Mr. BLUMENAUER, Ms. BORDALLO, Mr. TONKO, Mrs. McCARTHY of New York, Ms. CASTOR of Florida, Mr. HONDA, Ms. CHU, Mr. HALL of New York, Mr. DINGELL, Mr. LEVIN, Mr. PASCARELLI, Mr. WEXLER, Mr. ABERCROMBIE, Mr. Sires, Mr. TOWNS, and Mr. SHERMAN.

JULY 27, 2009

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed.

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on July 15, 2009]
A BILL

To amend the Higher Education Act of 1965, and for other purposes.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

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

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

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

Subtitle B—Student Financial Aid Form Simplification

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

TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

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

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

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR

Subtitle A—Elementary and Secondary Education

Sec. 301. Definitions.

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

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

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

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

CHAPTER 3—GENERAL PROVISIONS

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

Subtitle B—Higher Education

Sec. 351. Federal assistance for community college modernization and construction.
TITLE IV—EARLY LEARNING CHALLENGE FUND

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

TITLE V—AMERICAN GRADUATION INITIATIVE

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

SEC. 3. REFERENCES.

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

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

SEC. 101. FEDERAL PELL GRANTS.

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

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

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

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

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

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

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

“(8) ADDITIONAL FUNDS.—

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

“(i) $2,030,000,000 for fiscal year 2008;
“(ii) $2,733,000,000 for fiscal year 2009; and

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

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

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

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

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

“(C) INFLATION-ADJUSTED AMOUNTS.—
“(i) AWARD YEAR 2011–2012.—For
award year 2011–2012, the amount deter-
mined under this subparagraph for pur-
poses of subparagraph (B)(iii) shall be
equal to—

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

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

“(III) rounded to the nearest $5.

“(ii) SUBSEQUENT AWARD YEARS.—
For award year 2012–2013 and each of the
subsequent award years, the amount deter-
mined under this subparagraph for pur-
poses of subparagraph (B)(iii) shall be
equal to—
“(I) the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), increased by a percentage equal to the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined; reduced by

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

“(III) rounded to the nearest $5.

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

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

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

“(bb) one percentage point; and

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

“(aa) the maximum Federal Pell Grant for which a student is eligible during an award year, as specified in the last enacted appropriation Act applicable to that preceding award year; and
“(bb) the amount of the increase in the maximum Federal Pell Grant required by this paragraph for that preceding award year.

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

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

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

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

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

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

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

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

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

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

SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVATION FUND.

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

“PART E—COLLEGE ACCESS AND COMPLETION INNOVATION FUND”.

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

“SEC. 780. PURPOSES.

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

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

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

“(a) AUTHORIZATION AND APPROPRIATION.—

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

“(2) ALLOCATIONS.—Of the amount appropriated for any fiscal year under paragraph (1)—
“(A) 25 percent shall be made available to carry out section 781;

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

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

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

(d) State Grants and Grants to Eligible Entities.—Part E of title VII (20 U.S.C. 1141 et seq.) is further amended by adding at the end the following:

“SEC. 782. STATE INNOVATION COMPLETION GRANTS.

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

“(b) Federal Share; Non-Federal Share.—

“(1) Federal share.—The amount of the Federal share under this section for a fiscal year shall be equal to 2/3 of the costs of the activities and services described in subsection (d)(1) that are carried out under the grant.

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

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

“(c) APPLICATION AND SELECTION.—

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

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

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

“(D) a description of—

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

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

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

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

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

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

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

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

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

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

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

“(I) can be linked to other data
systems, as applicable, including ele-
mentary and secondary education and
workforce data systems;

“(II) will collect, maintain,
disaggregate (by institution, income,
race, ethnicity, sex, disability, and age
of students), and analyze postsec-
ondary education and workforce infor-
mation, including—
“(aa) postsecondary education enrollment, persistence, and completion information;

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

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

“(dd) postsecondary instructional workforce information; and

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

“(B) That the State has a comprehensive planning or policy formulation process with respect to increasing postsecondary enrollment, persistence, and completion that—
“(i) encourages coordination between
the State administration of grants under
this section and similar State programs;
“(ii) encourages State policies that are
designed to improve rates of enrollment and
persistence in, and completion of, postsec-
ondary education for all categories of insti-
tutions of higher education described in sec-
tion 132(d) in the State;
“(iii) considers the postsecondary edu-
cation needs of students from groups that
are underrepresented in postsecondary edu-
cation;
“(iv) considers the resources of public
and private institutions of higher education,
organizations, and agencies within the
State that are capable of providing access to
postsecondary education opportunities with-
in the State; and
“(v) provides for direct, equitable, and
active participation in the comprehensive
planning or policy formulation process or
processes, through membership on State
planning commissions, State advisory coun-
cils, or other State entities established by
the State and consistent with State law, by representatives of—

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

“(II) students;

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

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

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

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

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

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

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

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

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

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

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

“(d) USES OF FUNDS.—

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

“(A) provide programs in such State that increase persistence in, and completion of, post-secondary education, which may include—

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

“(ii) assisting students enrolled in an institution of higher education to reduce the amount of loan debt incurred by such students;
“(iii) providing grants to students described in section 415A(a)(1), in accordance with the terms of that section; and

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

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

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

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

“(A) shall use not less than \( \frac{1}{3} \) of the sum of the Federal and non-Federal share used for paragraph (1)(A) on activities that benefit students enrolled in junior or community colleges (as defined in section 312(f)), two-year public institutions, or two-year programs of instruction at four-year public institutions;

“(B) may use not more than 10 percent of the sum of the Federal and non-Federal share under this section for activities described in paragraph (1)(B); and
“(C) may use not more than 6 percent of the sum of the Federal and non-Federal share under this section for administrative purposes relating to the grant under this section.

“(e) Annual Report.—Each State receiving a grant under this section shall submit to the Secretary an annual report on—

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

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

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

“(f) Definitions.—In this section:

“(1) Industry or Sector Partnership.—The term ‘industry or sector partnership’ means a workforce collaborative that organizes key stakeholders in a targeted industry cluster into a working group that focuses on the human capital needs of a targeted in-
dustry cluster and that includes, at the appropriate
stage of development of the partnership—

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

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

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

“(D) 1 or more representatives of postsec-
ondary educational institutions or other training
providers; and

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

“(2) STATE PUBLIC EMPLOYMENT SERVICE.—The
term ‘State public employment service’ has the mean-
ing given such term in section 502(a)(9) of the Stu-

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

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

“(a) PROGRAMS AUTHORIZED.—From the amount appropriated under section 781(a)(2)(C) to carry out this section, the Secretary shall award grants, on a competitive basis, to eligible entities in accordance with this section to conduct innovative programs that advance knowledge about, and adoption of, policies and practices that increase the number of individuals with postsecondary degrees or certificates.

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

“(1) institutions of higher education;

“(2) States;

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

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

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

“(6) consortia of any of the entities described in paragraphs (1) through (5).
“(c) INNOVATION GRANTS.—

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

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

“(A) the authority to award to an eligible
entity a grant in an amount equal to all or part
of the amount of funds received by such entity
from philanthropic organizations (as such term
is defined in section 781(i)(1)) to conduct inno-

vative programs that advance knowledge about,
and adoption of, policies and practices that in-
crease the number of individuals with postsec-
ondary degrees or certificates; and

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

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

“(ii) are in addition to the student fi-
nancial aid available under title IV of this
Act; and
“(iii) do not result in the reduction of
the amount of that aid or any other student
financial aid for which a student is other-
wise eligible under Federal law.

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

“(4) PRIORITIES.—In awarding grants under
subsection (a), the Secretary shall give priority to ap-
plications that—

“(A) are from an eligible entity with dem-
onstrated experience in serving students from
groups that are underrepresented in postsec-
ondary education, including institutions of high-
er education that are eligible for assistance
under title III or V, or are from a consortium
that includes an eligible entity with such experi-
ence;

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

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

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

“(E) are from an eligible entity that encourages partnerships between institutions of higher education with high degree-completion rates and institutions of higher education with low degree-completion rates from the same category of institutions described in section 132(d) to facilitate the sharing of information relating to, and the implementation of, best practices for increasing postsecondary completion.
“(5) **TECHNICAL ASSISTANCE.**—The Secretary may reserve up to $5,000,000 per year to award grants and contracts to provide technical assistance to eligible entities receiving a grant under subsection (a), including technical assistance on the evaluation conducted in accordance with section 784 and establishing networks of eligible entities receiving grants under such subsection.

“(d) **REPORTS.**—

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

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

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

“(2) **ANNUAL REPORT TO CONGRESS.**—The Secretary shall submit to the authorizing committees an annual report on grants awarded under subsection (a), including—
“(A) the amount awarded to each eligible entity receiving a grant under such subsection; and

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

“SEC. 784. EVALUATION.

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

“SEC. 785. VETERANS RESOURCE OFFICER GRANTS.

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

“(b) DEFINITIONS.—In this section:

“(1) ELIGIBLE INSTITUTION OF HIGHER EDUCATION.—The term ‘eligible institution of higher education’ means an institution of higher education that has an enrollment of at least 100 full-time equivalent students who are veterans.
“(2) Full-time equivalent students.—The term ‘full-time equivalent students’ has the meaning given such term in section 312(e).

“(3) Veteran.—The term ‘veteran’ has the meaning give such term in section 480(c).

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

“(d) Uses of Funds.—

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

“(2) Activities.—A Veterans Resource Officer shall carry out activities at an eligible institution of higher education to help increase the completion rates for veterans enrolled at such institution, which shall include the following activities:
“(A) Serving as a link between student veterans and the staff of the institution.

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

“(C) Organizing and advising student veterans organization.

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

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

“(F) Organizing new student veterans campus orientation.

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

“(3) P R I O R I T Y.—To the extent practicable, each institution described in paragraph (1) shall give priority to hiring a veteran to serve as a Veterans Resource Officer.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2010 and each succeeding fiscal year.”.
SEC. 103. INVESTMENT IN HISTORICALLY BLACK COLLEGES
AND UNIVERSITIES AND OTHER MINORITY-
SERVING INSTITUTIONS.

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

(1) in subsection (a)—

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

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

(C) in paragraph (5), by striking “in sub-
section (c)” and inserting “in section 318(b)”;

(D) in paragraph (6), by striking “in sub-
section (c)” and inserting “in section 320(b)”;

and

(E) in paragraph (7), by striking “in sub-
section (c)” and inserting “in section 319(b)”;

(2) in subsection (b)—

(A) in paragraph (1)(A), by striking
“$255,000,000” and all that follows and insert-
ing “$255,000,000 for each of the fiscal years
2008 through 2019.”; and

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

“(B) STEM AND ARTICULATION PRO-
GRAMS.—From the amount made available for
allocation under this subparagraph by subpara-
graph (A)(i) for any fiscal year—

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

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

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

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

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

(D) in paragraph (2)(D)—

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

(ii) in clause (iv), by striking “described in subsection (a)(7)—” and all that follows and inserting “and shall be made available as grants under section 319, treating such $5,000,000 as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section and using such $5,000,000 for purposes described in subsection (c) of such section”; and
(3) by striking subsection (c).

SEC. 104. INVESTMENT IN COOPERATIVE EDUCATION.

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

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

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

“(F) Tuition relief for students called to military service.—

“(i) Waiver of repayment by students called to military service.—In addition to the waivers authorized by subparagraphs (D) and (E), the Secretary shall waive the amounts that students are required to return under this section if the withdrawals on which the returns are based are withdrawals necessitated by reason of service in the uniformed services.

“(ii) Loan forgiveness authorized.—Whenever a student’s withdrawal
from an institution of higher education is
necessitated by reason of service in the uni-
formed services, the Secretary shall, with re-
spect to the payment period or period of en-
rollment for which such student did not re-
ceive academic credit as a result of such
withdrawal, carry out a program—

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

“(aa) the outstanding prin-
cipal and accrued interest on any
loan assistance awarded to the
student under part B (including
to a parent on behalf of the stu-
dent under section 428B) for such
payment period or period of en-
rollment; minus

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

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

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

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

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

h, the term ‘service in the uniformed

services’ has the meaning given such term

in section 484C(a).’’.

(b) EFFECTIVE DATE.—

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

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

SEC. 106. VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.

(a) VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.—Subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by adding at the end the following:
"SEC. 401B. VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL GRANT PROGRAM.

(a) Veterans Educational Equity Supplemental Grants Authorized.—The Secretary shall award a grant to each eligible student, in an amount determined in accordance with subsection (c), to assist such student with paying the cost of tuition incurred by the student for a program of education at an institution of higher education.

(b) Definitions.—In this section—

(1) Eligible student.—The term ‘eligible student’ means a student who—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subtitle B—Student Financial Aid Form Simplification

SEC. 121. GENERAL EFFECTIVE DATE.

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

SEC. 122. TREATMENT OF ASSETS IN NEED ANALYSIS.

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

(1) by striking “Except” and inserting the following:

“(a) IN GENERAL.—Except”;

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

(3) by adding at the end the following:

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

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

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

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

(1) by striking paragraph (4); and

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

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

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “adjusted”; and

(ii) by inserting “and” after the semi-colon;
(B) in paragraph (2), by striking “; and” and inserting a period; and
(C) by striking paragraph (3);
(2) in subsection (b)—
(A) in the header, by striking “ADJUSTED”;
(B) in the matter preceding paragraph (1), by striking “adjusted”;
(C) by striking paragraph (1);
(D) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively;
(E) in paragraph (1) (as redesignated by subparagraph (D) of this paragraph), by strik-
ing “adjusted”; and
(F) in paragraph (2) (as redesignated by subparagraph (D) of this paragraph), by strik-
ing “paragraph (2)” and inserting “paragraph (1)”;
(3) by repealing subsection (d);
(4) in subsection (e)—
(A) by striking “The adjusted available” and inserting “The available”;
(B) by striking “to as ‘AAAA’”) and inserting “to as ‘AA’”;

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

(D) in the table—

(i) by striking “If AAI” and inserting “If AI”; and

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

(5) in subsection (f)—

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

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

(C) in paragraph (3)—

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

(ii) by striking “adjusted”;

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

(7) by repealing subsection (h); and

(8) in subsection (i), by striking “adjusted” each place it appears.
(d) **Family Contribution for Independent Students Without Dependents Other Than a Spouse.**—

Section 476 (20 U.S.C. 1087pp) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1);

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

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

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

(2) by repealing subsection (c); and

(3) in subsection (d)—

(A) by striking “and assets”; and

(B) by striking “or assets”.

(e) **Family Contribution for Independent Students With Dependents Other Than a Spouse.**—Section 477 (20 U.S.C. 1087qq) is amended—

(1) in subsection (a)—

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

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

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

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

(2) by repealing subsection (c); and

(3) in subsection (d)—

(A) by striking “The adjusted available” and inserting “The available”;

(B) by striking “to as ‘AAI’)” and inserting “to as ‘AI’)”; and

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

(D) in the table—
(i) by striking “If AAI” and inserting “If AI”; and

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

(E) in subsection (e)—

(i) by striking “and assets”; and

(ii) by striking “or assets”.

(f) Regulations; Updated Tables.—Section 478 (20 U.S.C. 1087rr) is amended—

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

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

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

(3) by repealing subsection (d); and

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

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

(a) Definition of Untaxed Income and Benefits.—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as amended by the Higher Education Opportunity Act (Public Law 110–315), is amended—

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

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

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

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

(b) Definition of Assets.—Section 480(f)(2) (20 U.S.C. 1087vv(f)(2)) is amended—

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

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

(3) by adding at the end the following:
“(D) an employee pension benefit plan (as defined in section 3(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(2))).”.

(c) **Financial Administrator Discretion.—**Section 479A(b) (20 U.S.C. 1087tt) is amended in the subsection heading, by striking “TO ASSETS”.

(d) **Suspension of Eligibility for Drug-related Offenses.—**Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is amended to read as follows:

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

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

“(B) For a second offense, the period of ineligibility shall be indefinite.”.
TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIATIONS.

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

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

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

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

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

“(2) no funds are authorized to be appropriated, or may be expended, under this Act or any other Act to make or insure loans under this part (including consolidation loans) for which the first disbursement would be made after June 30, 2010,
except as expressly authorized by an Act of Congress enacted after the date of enactment of Student Aid and Fiscal Responsibility Act of 2009.”.

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

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

SEC. 203. APPLICABLE INTEREST RATES.

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

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

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

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

(4) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking “July 1, 2012” and inserting “July 1, 2010”; and
(B) by repealing subparagraphs (D) and (E).

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

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

(1) in subsection (a)—

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

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

(2) in subsection (b)(1)—

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

and

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

(3) in subsection (f)(1)(A)(ii)—

(A) by striking “during fiscal years begin-
(B) by inserting “and first disbursed before July 1, 2010,” after “October 1, 2003,”; and

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

(b) COLLEGE COST REDUCTION AND ACCESS ACT.—

Section 303 of the College Cost Reduction and Access Act (Public Law 110–84) is repealed.

SEC. 205. FEDERAL PLUS LOANS.

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

SEC. 206. FEDERAL CONSOLIDATION LOAN.

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

(1) in subsection (a)—

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

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

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

(2) in subsection (b)—

(A) in paragraph (1)(E), by inserting be-
fore the semicolon “, and before July 1, 2010”; 
and

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

(3) in subsection (c)(1)—

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

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

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

(b) EFFECTIVE DATE.—The amendments made by sub-
section (a)(1)(A) shall be effective at the close of June 30,
2010.
SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

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

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

(2) in subsection (b)—

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

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

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

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

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

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

“(i) subject to clause (ii)—

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

“(II) a loan made under part D or part E; and”; and
(2) in clause (ii)—

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

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

SEC. 209. SPECIAL ALLOWANCES.

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

(1) in subsection (b)(2)(I)—

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

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

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

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

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

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

(G) in clause (vi)—

(i) in the header, by inserting “, AND BEFORE JULY 1, 2010” after “2007”; and
(ii) in the matter preceding subclause (I), by inserting “and before July 1, 2010,” after “2007,”;

(2) in subsection (c)—

(A) in paragraph (2)(B)—

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

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

(iii) by striking clause (v); and

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

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

SEC. 210. REVISED SPECIAL ALLOWANCE CALCULATION.

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

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

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

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

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

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

“(III) TERMS OF WAIVER.—A waiver pursuant to subclause (II)(bb) shall—
“(aa) be applicable to all loans described in such subclause that are held under any lender identification number associated with the holder (pursuant to section 487B); and

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

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

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

(1) in clause (i)(II), by striking “such average bond equivalent rate” and inserting “the rate deter-
mined under subclause (I)”;

and

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

SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITU-
TIONS LOCATED OUTSIDE THE UNITED STATES.

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

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

(b) CONFORMING AMENDMENTS.—

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

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

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

(C) in subsection (a)(2)(A)—

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

(ii) in clause (iii)—

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

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

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

SEC. 212. AGREEMENTS WITH INSTITUTIONS.

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

   (1) in subsection (a), by striking paragraph (4) and redesignating the succeeding paragraphs accordingly; and
SEC. 213. TERMS AND CONDITIONS OF LOANS.

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

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

(2) in subsection (g)—

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

(B) by striking the third sentence.

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

SEC. 214. CONTRACTS.

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

(1) in subsection (a)—

(A) in paragraph (1)—

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

(ii) in paragraph (1), by striking “The awards” and inserting “The awarding of contracts”.

(iii) in paragraph (4)(B)(i), by striking “An” and inserting “The”.

(2) in subsection (b), by inserting “(5), and (6)” after “under sections 428”.

(3) in subsection (c)(1), by striking “(3), (4), and (5)” and inserting “(3) and (4)”.

(4) in subsection (d)(3), by striking “(4), (5), and (6)” and inserting “(4) and (5)”.

(5) in subsection (e)(3), by striking “(4), (5), and (6)” and inserting “(4) and (5)”.

(6) in subsection (f)(3), by striking “(4), (5), and (6)” and inserting “(4) and (5)”. 
(ii) by striking “The Secretary” and inserting the following:

“(A) IN GENERAL.—The Secretary”; and

(iii) by adding at the end the following:

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

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

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

(B) in paragraph (2)—

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

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

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

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

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

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

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

“(B) ALLOCATIONS.—(i) ONE SERVICER.—
In the case of a State with only one eligible not-
for-profit servicer with a contract described in
subparagraph (A), the Secretary shall, at a min-
imum, allocate to such servicer, on an annual
basis and subject to such contract, the servicing
rights for the lesser of—
“(I) the loans of 100,000 borrowers (including borrowers who borrowed loans in a prior year that were serviced by the servicer) attending institutions located within the State; or

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

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

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

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

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

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

(2) by adding at the end the following:

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

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

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

“(d) DEFINITIONS.—In this section:

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

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

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

“(i) meets the definition of an eligible not-for-profit holder under section 435(p), except that such term does not include eligible lenders described in paragraph (1)(D) of such section;
“(ii) notwithstanding clause (i), is the sole beneficial owner of a loan for which the special allowance rate is calculated under section 438(b)(2)(I)(vi)(II) because the loan is held by an eligible lender trustee that is an eligible not-for-profit holder as defined under section 435(p)(1)(D); or

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

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

“(II) on such date of enactment, was performing, or had entered into a contract with a third party servicer (as such term is defined in section 481(c)) who was performing, student loan servicing functions for loans made under part B of this title.
“(B) AFFILIATED ENTITY.—For the purposes of subparagraph (A), the term ‘affiliated entity’ means an entity contracted to perform services for an eligible not-for-profit servicer that—

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

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

“(I) a for-profit entity; or

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

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

“(A) encourage—

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

“(ii) students and families to obtain financial aid, but minimize the borrowing of education loans; and
“(B) deliver financial literacy and counseling tools.”.

SEC. 215. INTEREST RATES.

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

“(E) REDUCED RATES FOR UNDERGRADUATE FDSL ON AND AFTER JULY 1, 2012.—

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

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

“(ii) 2.5 percent,

except that such rate shall not exceed 6.8 percent.”.
Subtitle B—Perkins Loan Reform

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

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

“SEC. 455A. FEDERAL DIRECT PERKINS LOANS.

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

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

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

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

“(e) Applicable Rates of Interest.—Loans made pursuant to this section shall bear interest, on the unpaid balance of the loan, at the rate of 5 percent per year.”.

SEC. 222. AUTHORIZATION OF APPROPRIATIONS.

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

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

(2) in subsection (b)—

(A) in paragraph (1)—

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

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

(B) by striking paragraph (2); and

(3) by striking subsection (c).

SEC. 223. ALLOCATION OF FUNDS.

Section 462 (20 U.S.C. 1087bb) is amended—
(1) in subsection (a)(1), by striking “From” and inserting “For any fiscal year before fiscal year 2010, from”; and

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

SEC. 224. FEDERAL DIRECT PERKINS LOAN ALLOCATION.

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

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

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

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

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

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

“(A) The Secretary shall allocate not more than 1/2 of such funds for each award year by allocating to each participating institution an amount equal to the adjusted self-help need amount of the institution, as determined in accordance with subsection (c) for such award year.

“(B) The Secretary shall allocate not more than 1/4 of such funds for each award year by allocating to each participating institution an amount equal to the low tuition incentive amount of the institution, as determined in accordance with subsection (d).

“(C) The Secretary shall allocate not more than 1/4 of such funds for each award year by allocating to each participating institution an amount which bears the same ratio to the funds
allocated under this subparagraph as the ratio
determined in accordance with subsection (e) for
the calculation of the Federal Pell Grant and de-
gree recipient amount of the institution.

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

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

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

“(A) IN GENERAL.—Except as provided in
paragraphs (2), (3), and (4), the adjusted self-
help need amount of each eligible institution
shall be the institution’s base self-help need
amount, which is the sum of—
“(i) the self-help need of the institution’s eligible undergraduate students for such award year; and

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

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

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

“(ii) $5,500.

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

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

“(3) Required minimum amount.—Notwithstanding paragraph (2), the adjusted self-help need amount of each eligible institution shall not be less than the average of the institution’s total principal amount of loans made under this part for each of the 5 most recent award years.
“(4) ADDITIONAL ADJUSTMENTS.—If the Secretary determines that a ratable reduction under paragraph (2) results in the adjusted self-help need amount of any eligible institution being reduced below the minimum amount required under paragraph (3), the Secretary shall—

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

“(B) ratably reduce the adjusted self-help need amounts of all eligible institutions not described in subparagraph (A) until the sum of the adjusted self-help need amounts of all eligible institutions is equal to the amount that is 1⁄2 of the annual loan authority under subsection (b).

“(d) LOW TUITION INCENTIVE AMOUNT.—

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

“(A) the total amount, if any (but not less than zero), by which—
“(i) the average tuition and required fees for the institution’s sector for the second preceding award year; exceeds
“(ii) the tuition and required fees for the second preceding award year for each undergraduate and graduate student attending the institution who had financial need (as determined under part F); plus
“(B) the total amount, if any (but not less than zero), by which—
“(i) the total amount for the second preceding award year of non-Federal grant aid provided to meet the financial need of all undergraduate students attending the institution (as determined without regard to financial aid not received under this title); exceeds
“(ii) the total amount for the second preceding award year, if any, by which—
“(I) the tuition and required fees of each such student with such financial need; exceeds
“(II) the average tuition and required fees for the institution’s sector.
“(2) Ratable Reduction.—If the sum of the low tuition incentive amounts of all participating institutions for an award year as determined under paragraph (1) exceeds 1/4 of the annual loan authority under subsection (b) for such award year, the Secretary shall ratably reduce the low tuition incentive amounts of all participating institutions until the sum of such amounts is equal to the amount that is 1/4 of the annual loan authority under subsection (b).

“(e) Federal Pell Grant and Degree Recipient Amount.—For purposes of subsection (b)(1)(C), the Secretary shall determine the Federal Pell Grant and degree recipient amount for each participating institution for each award year, by calculating for each such institution the ratio of—

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

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

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

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

“(2) AVERAGE COST OF ATTENDANCE.—

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

“(i) tuition and required fees deter-
dined in accordance with subparagraph
(B);

“(ii) standard living expenses deter-
dined in accordance with subparagraph
(C); and

“(iii) books and supplies determined in
accordance with subparagraph (D).
“(B) Tuition and Required Fees.—The average undergraduate and graduate and professional tuition and required fees described in subparagraph (A)(i) shall be computed on the basis of information reported by the institution to the Secretary, which shall include—

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

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

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

“(D) Books and Supplies.—The allowance for books and supplies described in subparagraph (A)(iii) is equal to the allowance, de-
terminated by an institution, for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, as computed in accordance with part F for the second preceding award year.

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

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

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

“(6) SECTOR.—The term ‘sector’ means each of the categories described in section 132(d).”.

SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

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

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

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

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

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

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

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

(3) by adding at the end the following:

“(f) CONTENTS OF AGREEMENTS FOR LOANS MADE ON OR AFTER JULY 1, 2010.—An agreement with any institution of higher education that elects to participate in the Federal Direct Perkins Loan program under section 455A shall provide—

“(1) for the establishment and maintenance of a Direct Perkins Loan program at the institution under which the institution shall use loan authority allocated under section 462A to make loans to eligible students attending the institution;

“(2) that the institution, unless otherwise specified in this subsection, shall operate the program consistent with the requirements of agreements established under section 454;

“(3) that the institution will pay matching funds, quarterly, in an amount agreed to by the insti-
tion and the Secretary, to an escrow account approved by the Secretary, for the purpose of providing loan benefits to borrowers;

“(4) that if the institution fails to meet the requirements of paragraph (3), the Secretary shall suspend or terminate the institution’s eligibility to make Federal Direct Perkins Loans under section 455A until such time as the Secretary determines, in accordance with section 498, that the institution has met the requirements of such paragraph; and

“(5) that if the institution ceases to be an eligible institution within the meaning of section 435(a) by reason of having a cohort default rate that exceeds the threshold percentage specified paragraph (2) of such section, the Secretary shall suspend or terminate the institution’s eligibility to make Federal Direct Perkins Loans under section 455A unless and until the institution would qualify for a resumption of eligible institution status under such section.”.

(b) EFFECTIVE DATE.—The amendments made by paragraph (2) of subsection (a) shall take effect on October 1, 2010.

SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS.

Section 463A (20 U.S.C. 1087cc–1) is amended—
(1) in subsection (a), by striking “Each institution” and inserting “For loans made before July 1, 2010, each institution”; and

(2) in subsection (b), by striking “Each institution” and inserting “For loans made before July 1, 2010, each institution”.

SEC. 227. TERMS OF LOANS.

(a) Section 464 (20 U.S.C. 1087dd) is amended—

(1) in subsection (a)(1), by striking “section 463” and inserting “section 463(a)”;

(2) in subsection (b)(1), by inserting “made before July 1, 2010,” after “A loan”; and

(3) in subsection (c)—

(A) in paragraph (1), by inserting “made before July 1, 2010,” after “a loan”;

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting “made before July 1, 2010,” after “any loan”; and

(ii) in subparagraph (B), by inserting “made before July 1, 2010,” after “any loan”;

(C) in paragraph (3)(B), by inserting “for a loan made before July 1, 2010,” after “during the repayment period”;
(D) in paragraph (4), by inserting “before July 1, 2010,” after “for a loan made”;

(E) in paragraph (5), by striking “The institution” and inserting “For loans made before July 1, 2010, the institution”; and

(F) in paragraph (6), by inserting “made before July 1, 2010,” after “of loans”;

(4) in subsection (d), by inserting “made before July 1, 2010,” before “from the student loan fund”;

(5) in subsection (e), by inserting “with respect to loans made before July 1, 2010, and” before “as documented in accordance with paragraph (2),”;

(6) by repealing subsection (f);

(7) in subsection (g)(1), by inserting “and before July 1, 2010,” after “January 1, 1986,”;

(8) in subsection (h)—

(A) in paragraph (1)(A) by inserting “before July 1, 2010,” after “made under this part”; and

(B) in paragraph (2), by inserting “before July 1, 2010,” after “under this part”; and

(9) in subsection (j)(1), by inserting “before July 1, 2010,” after “under this part”.

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SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

(a) Section 465 (20 U.S.C. 1087ee) is amended—

(1) in subsection (a), by inserting “and before July 1, 2010,” after “June 30, 1972,”; and

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

“(b) Reimbursement for Cancellations.—

“(1) Assigned Loans.—In the case of loans made under this part before July 1, 2010, and that are assigned to the Secretary, the Secretary shall, from amounts repaid each quarter on assigned Perkins Loans made before July 1, 2010, pay to each institution for each quarter an amount equal to—

“(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus

“(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.

“(2) Retained Loans.—In the case of loans made under this part before July 1, 2010, and that are retained by the institution for servicing, the institution shall deduct from loan repayments owed to the Secretary under section 466, an amount equal to—
“(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus
“(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.”.

(b) Section 466 (20 U.S.C. 1087ff) is amended to read as follows:

“SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

“(a) CAPITAL DISTRIBUTION.—Beginning July 1, 2010, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

“(1) For the quarter beginning July 1, 2010, the Secretary shall first be paid, no later than September 30, 2010, an amount that bears the same ratio to the cash balance in such fund at the close of June 30, 2010, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to—

“(A) the sum of such Federal contributions and the institution’s capital contributions to such fund, less
“(B) an amount equal to—

“(i) the institution’s outstanding admin-

isterative costs as calculated under sec-

tion 463(b),

“(ii) outstanding charges assessed

under section 464(c)(1)(H), and

“(iii) outstanding loan cancellation

costs incurred under section 465.

“(2) At the end of each quarter subsequent to the
quarter ending September 30, 2010, the Secretary
shall first be paid an amount that bears the same
ratio to the cash balance in such fund at the close of
the preceding quarter, as the total amount of the Fed-

eral capital contributions to such fund by the Sec-

retary under this part bears to—

“(A) the sum of such Federal contributions

and the institution’s capital contributions to

such fund, less

“(B) an amount equal to—

“(i) the institution’s administrative

costs incurred for that quarter as calculated

under section 463(b),

“(ii) charges assessed for that quarter

under section 464(c)(1)(H), and
“(iii) loan cancellation costs incurred for that quarter under section 465.

“(3)(A) The Secretary shall calculate the amounts due to the Secretary under paragraph (1) (adjusted in accordance with subparagraph (B), as appropriate) and paragraph (2) and shall promptly inform the institution of such calculated amounts.

“(B) In the event that, prior to the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, an institution made a short-term, interest-free loan to the institution’s student loan fund established under this part in anticipation of collections or receipt of Federal capital contributions, and the institution demonstrates to the Secretary, on or before June 30, 2010, that such loan will still be outstanding after June 30, 2010, the Secretary shall subtract the amount of such outstanding loan from the cash balance of the institution’s student loan fund that is used to calculate the amount due to the Secretary under paragraph (1). An adjustment of an amount due to the Secretary under this subparagraph shall be made by the Secretary on a case-by-case basis.

“(4) Any remaining balance at the end of a quarter after a payment under paragraph (1) or (2)
shall be retained by the institution for use at its discretion. Any balance so retained shall be withdrawn from the student loan fund and shall not be counted in calculating amounts owed to the Secretary for subsequent quarters.

“(5) Each institution shall make the quarterly payments to the Secretary described in paragraph (2) until all outstanding Federal Perkins Loans at that institution have been assigned to the Secretary and there are no funds remaining in the institution’s student loan fund.

“(6) In the event that the institution’s administrative costs, charges, and cancellation costs described in paragraph (2) for a quarter exceed the amount owed to the Secretary under paragraphs (1) and (2) for that quarter, no payment shall be due to the Secretary from the institution for that quarter and the Secretary shall pay the institution, from funds realized from the collection of assigned Federal Perkins Loans made before July 1, 2010, an amount that, when combined with the amount retained by the institution under paragraphs (1) and (2), equals the full amount of such administrative costs, charges, and cancellation costs.
“(b) Assignment of Outstanding Loans.—Beginning July 1, 2010, an institution of higher education may assign all outstanding loans made under this part before July 1, 2010, to the Secretary, consistent with the requirements of section 463(a)(5). In collecting loans so assigned, the Secretary shall pay an institution an amount that constitutes the same fraction of such collections as the fraction of the cash balance that the institution retains under subsection (a)(2), but determining such fraction without regard to subparagraph (B)(i) of such subsection.”.

SEC. 229. IMPLEMENTATION OF NON-TITLE IV REVENUE REQUIREMENT.

(a) Amendments.—Section 487(d) (20 U.S.C. 1094(d)) is amended—

(1) in paragraph (1)(E), by striking “July 1, 2011” and inserting “July 1, 2012”;

(2) in paragraph (1)(F)—

(A) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

(B) by inserting after clause (ii) the following new clause:

“(iii) for the period beginning July 1, 2010, and ending July 1, 2012, the amount
of funds the institution received from loans disbursed under section 455A;

(3) in paragraph (2)(A), by striking “two consecutive” and inserting “three consecutive”; and

(4) in paragraph (2)(B)—

(A) by striking “any institutional fiscal year” and inserting “two consecutive institutional fiscal years”;

(B) by striking “the two institutional fiscal years after the institutional fiscal year” and inserting “the institutional fiscal year after the second consecutive institutional fiscal year”; and

(C) by striking “two consecutive” in clause (ii) of such paragraph and inserting “three consecutive”.

(b) Temporary Effect.—The amendments made by paragraphs (3) and (4) of subsection (a)—

(1) shall take effect on the date of enactment of this Act; and

(2) shall cease to be effective on July 1, 2012.

SEC. 230. ADMINISTRATIVE EXPENSES.

Section 489(a) (20 U.S.C. 1096(a)) is amended—

(1) in the second sentence, by striking “or under part E of this title”; and

(2) in the third sentence—
(A) by inserting “and” after “subpart 3 of part A,”; and

(B) by striking “compensation of students,” and all that follows through the period and inserting “compensation of students.”.

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR
Subtitle A—Elementary and Secondary Education

SEC. 301. DEFINITIONS.

In this subtitle:

(1) The term “Bureau-funded school” has the meaning given such term in section 1141 of the Education Amendments of 1978 (25 U.S.C. 2021).

(2) The term “charter school” has the meaning given such term in section 5210 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7221i).

(3) The term “CHPS Criteria” means the green building rating program developed by the Collaborative for High Performance Schools.

(5) The term “Green Globes” means the Green Building Initiative environmental design and rating system referred to as Green Globes.


(7) The term “local educational agency”—

(A) has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801);

(B) includes any public charter school that constitutes a local educational agency under State law; and

(C) includes the Recovery School District of Louisiana.

(8) The term “outlying area”—

(A) means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and

(B) includes the Republic of Palau.

(9) The term “public school facilities” means existing public elementary or secondary school facilities, including public charter school facilities and other ex-
isting facilities planned for adaptive reuse as public
charter school facilities.

(10) The term “Secretary” means the Secretary
of Education.

(11) The term “State” means each of the 50
States, the District of Columbia, and the Common-
wealth of Puerto Rico.

CHAPTER 1—GRANTS FOR MODERNIZA-
TION, RENOVATION, OR REPAIR OF
PUBLIC SCHOOL FACILITIES

SEC. 311. PURPOSE.
Grants under this chapter shall be for the purpose of
modernizing, renovating, or repairing public school facili-
ties (including early learning facilities, as appropriate),
based on the need of the facilities for such improvements,
to ensure that public school facilities are safe, healthy, high-
performing, and technologically up-to-date.

SEC. 312. ALLOCATION OF FUNDS.

(a) Reservation.—

(1) In general.—From the amount appro-
priated to carry out this chapter for each fiscal year
pursuant to section 345(a), the Secretary shall reserve
2 percent of such amount, consistent with the purpose
described in section 311—
(A) to provide assistance to the outlying areas; and

(B) for payments to the Secretary of the Interior to provide assistance to Bureau-funded schools.

(2) USE OF RESERVED FUNDS.—In each fiscal year, the amount reserved under paragraph (1) shall be divided between the uses described in subparagraphs (A) and (B) of such paragraph in the same proportion as the amount reserved under section 1121(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331(a)) is divided between the uses described in paragraphs (1) and (2) of such section 1121(a) in such fiscal year.

(3) DISTRESSED AREAS AND NATURAL DISASTERS.—From the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), the Secretary shall reserve 5 percent of such amount for grants to—

(A) local educational agencies serving geographic areas with significant economic distress, to be used consistent with the purpose described in section 311 and the allowable uses of funds described in section 313; and
(B) local educational agencies serving geographic areas recovering from a natural disaster, to be used consistent with the purpose described in section 321 and the allowable uses of funds described in section 323.

(b) ALLOCATION TO STATES.—

(1) STATE-BY-STATE ALLOCATION.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), and not reserved under subsection (a), each State shall be allocated an amount in proportion to the amount received by all local educational agencies in the State under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in every State under such part for such fiscal year.

(2) STATE ADMINISTRATION.—A State may reserve up to 1 percent of its allocation under paragraph (1) to carry out its responsibilities under this chapter, which include—

(A) providing technical assistance to local educational agencies;

(B) developing an online, publicly searchable database that includes an inventory of pub-
lic school facilities in the State, including for each such facility, its design, condition, modernization, renovation and repair needs, utilization, energy use, and carbon footprint; and

(C) creating voluntary guidelines for high-performing school buildings, including guidelines concerning the following:

(i) Site location, storm water management, outdoor surfaces, outdoor lighting, and transportation, including public transit and pedestrian and bicycle accessibility.

(ii) Outdoor water systems, landscaping to minimize water use, including elimination of irrigation systems for landscaping, and indoor water use reduction.

(iii) Energy efficiency (including minimum and superior standards, such as for heating, ventilation, and air conditioning systems), use of alternative energy sources, commissioning, and training.

(iv) Use of durable, sustainable materials and waste reduction.

(v) Indoor environmental quality, such as day lighting in classrooms, lighting quality, indoor air quality (including with ref-
(vi) Operations and management, such as use of energy-efficient equipment, indoor environmental management plan, maintenance plan, and pest management.

(3) Grants to local educational agencies.—From the amount allocated to a State under paragraph (1), each eligible local educational agency in the State shall receive an amount in proportion to the amount received by such local educational agency under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in the State under such part for such fiscal year, except that no local educational agency that received funds under such part for such fiscal year shall receive a grant of less than $5,000 in any fiscal year under this chapter.

(4) Special rule.—Section 1122(c)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6332(c)(3)) shall not apply to paragraph (1) or (3).
(c) Special Rules.—

(1) DISTRIBUTIONS BY SECRETARY.—The Secretary shall make and distribute the reservations and allocations described in subsections (a) and (b) not later than 120 days after an appropriation of funds for this chapter is made.

(2) DISTRIBUTIONS BY STATES.—A State shall make and distribute the allocations described in subsection (b)(3) within 90 days of receiving such funds from the Secretary.

SEC. 313. ALLOWABLE USES OF FUNDS.

A local educational agency receiving a grant under this chapter shall use the grant for modernization, renovation, or repair of public school facilities (including early learning facilities, as appropriate), including—

(1) repair, replacement, or installation of roofs, including extensive, intensive or semi-intensive green roofs, electrical wiring, water supply and plumbing systems, sewage systems, storm water runoff systems, lighting systems, building envelope, windows, ceilings, flooring, or doors, including security doors;

(2) repair, replacement, or installation of heating, ventilation, or air conditioning systems, including insulation, and conducting indoor air quality assessments;
(3) compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that ensure that schools are prepared for emergencies, such as improving building infrastructure to accommodate security measures and installing or upgrading technology to ensure that schools are able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters;

(4) retrofitting necessary to increase the energy efficiency and water efficiency of public school facilities;

(5) modifications necessary to make facilities accessible in compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

(6) abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen;

(7) measures designed to reduce or eliminate human exposure to classroom noise and environmental noise pollution;
(8) modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water;

(9) installation or upgrading of educational technology infrastructure;

(10) modernization, renovation, or repair of science and engineering laboratories, libraries, and career and technical education facilities, and improvements to building infrastructure to accommodate bicycle and pedestrian access;

(11) installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, and solar-thermal and geothermal systems, and for energy audits;

(12) measures designed to reduce or eliminate human exposure to airborne particles such as dust, sand, and pollens;

(13) creating greenhouses, gardens (including trees), and other facilities for environmental, scientific, or other educational purposes, or to produce energy savings;

(14) modernizing, renovating, or repairing physical education facilities for students, including upgrading or installing recreational structures made
from post-consumer recovered materials in accordance with the comprehensive procurement guidelines prepared by the Administrator of the Environmental Protection Agency under section 6002(e) of the Solid Waste Disposal Act (42 U.S.C. 6962(e));

(15) other modernization, renovation, or repair of public school facilities to—

(A) improve teachers’ ability to teach and students’ ability to learn;

(B) ensure the health and safety of students and staff;

(C) make them more energy efficient; or

(D) reduce class size; and

(16) required environmental remediation related to modernization, renovation, or repair described in paragraphs (1) through (15).

SEC. 314. PRIORITY PROJECTS.

In selecting a project under section 313, a local educational agency may give priority to projects involving the abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen.
CHAPTER 2—SUPPLEMENTAL GRANTS FOR LOUISIANA, MISSISSIPPI, AND ALABAMA

SEC. 321. PURPOSE.

Grants under this chapter shall be for the purpose of modernizing, renovating, repairing, or constructing public school facilities, including, where applicable, early learning facilities, based on the need for such improvements or construction, to ensure that public school facilities are safe, healthy, high-performing, and technologically up-to-date.

SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.

(a) In General.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(b), the Secretary shall allocate to local educational agencies in Louisiana, Mississippi, and Alabama an amount equal to the infrastructure damage inflicted on public school facilities in each such district by Hurricane Katrina or Hurricane Rita in 2005 relative to the total of such infrastructure damage so inflicted in all such districts, combined.

(b) Distribution by Secretary.—The Secretary shall determine and distribute the allocations described in subsection (a) not later than 120 days after an appropriation of funds for this chapter is made.
SEC. 323. ALLOWABLE USES OF FUNDS.

A local educational agency receiving a grant under this chapter shall use the grant for one or more of the activities described in section 313, except that an agency receiving a grant under this chapter also may use the grant for the construction of new public school facilities.

CHAPTER 3—GENERAL PROVISIONS

SEC. 331. IMPERMISSIBLE USES OF FUNDS.

No funds received under this subtitle may be used for—

(1) payment of maintenance costs, including routine repairs classified as current expenditures under State or local law;

(2) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;

(3) improvement or construction of facilities the purpose of which is not the education of children, including central office administration or operations or logistical support facilities; or

(4) purchasing carbon offsets.

SEC. 332. SUPPLEMENT, NOT SUPPLANT.

A local educational agency receiving a grant under this subtitle shall use such Federal funds only to supplement and not supplant the amount of funds that would, in the absence of such Federal funds, be available for moderniza-
tion, renovation, repair, and construction of public school facilities.

SEC. 333. PROHIBITION REGARDING STATE AID.

A State shall not take into consideration payments under this subtitle in determining the eligibility of any local educational agency in that State for State aid, or the amount of State aid, with respect to free public education of children.

SEC. 334. MAINTENANCE OF EFFORT.

(a) In General.—A local educational agency may receive a grant under this subtitle for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the agency and the State involved with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(b) Reduction in Case of Failure To Meet Maintenance of Effort Requirement.—

(1) In General.—The State educational agency shall reduce the amount of a local educational agency’s grant in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) by falling below 90 percent of both the combined fiscal effort per student and
aggregate expenditures (using the measure most favorable to the local agency).

(2) **SPECIAL RULE.**—No such lesser amount shall be used for computing the effort required under subsection (a) for subsequent years.

(c) **WAIVER.**—The Secretary shall waive the requirements of this section if the Secretary determines that a waiver would be equitable due to—

(1) exceptional or uncontrollable circumstances, such as a natural disaster; or

(2) a precipitous decline in the financial resources of the local educational agency.

**SEC. 335. SPECIAL RULE ON CONTRACTING.**

Each local educational agency receiving a grant under this subtitle shall ensure that, if the agency carries out modernization, renovation, repair, or construction through a contract, the process for any such contract ensures the maximum number of qualified bidders, including local, small, minority, and women- and veteran-owned businesses, through full and open competition.

**SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS.**

(a) **IN GENERAL.**—None of the funds appropriated or otherwise made available by this subtitle may be used for a project for the modernization, renovation, repair, or con-
struction of a public school facility unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply in any case or category of cases in which the Secretary finds that—

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) PUBLICATION OF JUSTIFICATION.—If the Secretary determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the Secretary shall publish in the Federal Register a detailed written justification of the determination.

(d) CONSTRUCTION.—This section shall be applied in a manner consistent with United States obligations under international agreements.
SEC. 337. LABOR STANDARDS.

The grant programs under this subtitle are applicable programs (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b).

SEC. 338. CHARTER SCHOOLS.

(a) In General.—A local educational agency receiving an allocation under this subtitle shall reserve an amount of that allocation for charter schools within its jurisdiction for modernization, renovation, repair, and construction of charter school facilities.

(b) Determination of Reserved Amount.—The amount to be reserved by a local educational agency under subsection (a) shall be determined based on the combined percentage of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5)) in the schools of the agency who—

(1) are enrolled in charter schools; and

(2) the local educational agency, in consultation with the authorized public chartering agency, expects to be enrolled, during the year with respect to which the reservation is made, in charter schools that are scheduled to commence operation during such year.

(c) School Share.—Individual charter schools shall receive a share of the amount reserved under subsection (a) based on the need of each school for modernization, renova-
tion, repair, or construction, as determined by the local educational agency in consultation with charter school administrators.

(d) Excess Funds.—After the consultation described in subsection (c), if the local educational agency determines that the amount of funds reserved under subsection (a) exceeds the modernization, renovation, repair, and construction needs of charter schools within the local educational agency’s jurisdiction, the agency may use the excess funds for other public school facility modernization, renovation, repair, or construction consistent with this subtitle and is not required to carry over such funds to the following fiscal year for use for charter schools.

SEC. 339. GREEN SCHOOLS.

(a) In General.—Of the funds appropriated for a given fiscal year and made available to a local educational agency to carry out this subtitle, the local educational agency shall use not less than the applicable percentage (described in subsection (b)) of such funds for public school modernization, renovation, repair, or construction that are certified, verified, or consistent with any applicable provisions of—

(1) the LEED Green Building Rating System;

(2) Energy Star;

(3) the CHPS Criteria;
(4) Green Globes; or

(5) an equivalent program adopted by the State, or another jurisdiction with authority over the local educational agency, that includes a verifiable method to demonstrate compliance with such program.

(b) Applicable Percentages.—The applicable percentage described in subsection (a) is—

(1) for funds appropriated in fiscal year 2010, 50 percent; and

(2) for funds appropriated in fiscal year 2011, 75 percent.

(c) Rule of Construction.—Nothing in this section shall be construed to prohibit a local educational agency from using sustainable, domestic hardwood lumber as ascertained through the forest inventory and analysis program of the Forest Service of the Department of Agriculture under the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) for public school modernization, renovation, repairs, or construction.

(d) Technical Assistance.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall provide outreach and technical assistance to States and local educational agencies concerning the best practices in school modernization, renovation, repair, and construction, in-
cluding those related to student academic achievement, student and staff health, energy efficiency, and environmental protection.

SEC. 340. REPORTING.

(a) Reports by Local Educational Agencies.—
Local educational agencies receiving a grant under this subtitle shall annually compile a report describing the projects for which such funds were used, including—

(1) the number and identity of public schools in the agency, including the number of charter schools, and for each school, the total number of students, and the number of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

(2) the total amount of funds received by the local educational agency under this subtitle, and for each public school in the agency, including each charter school, the amount of such funds expended, and the types of modernization, renovation, repair, or construction projects for which such funds were used;

(3) the number of students impacted by such projects, including the number of students so impacted who are counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));
(4) the number of public schools in the agency with a metro-centric locale code of 41, 42, or 43 as determined by the National Center for Education Statistics and the percentage of funds received by the agency under chapter 1 or chapter 2 of this subtitle that were used for projects at such schools;

(5) the number of public schools in the agency that are eligible for schoolwide programs under section 1114 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314) and the percentage of funds received by the agency under chapter 1 or chapter 2 of this subtitle that were used for projects at such schools;

(6) for each project—

(A) the cost;

(B) the standard described in section 339(a) with which the use of the funds complied or, if the use of funds did not comply with a standard described in section 339(a), the reason such funds were not able to be used in compliance with such standards and the agency’s efforts to use such funds in an environmentally sound manner; and

(C) any demonstrable or expected benefits as a result of the project (such as energy savings,
improved indoor environmental quality, student
and staff health, including the reduction of the
incidence and effects of asthma and other res-
piratory illnesses, and improved climate for
teaching and learning); and

(7) the total number and amount of contracts
awarded, and the number and amount of contracts
awarded to local, small, minority, women, and vet-
eran-owned businesses.

(b) AVAILABILITY OF REPORTS.—A local educational
agency shall—

(1) submit the report described in subsection (a)
to the State educational agency, which shall compile
such information and report it annually to the Sec-
retary; and

(2) make the report described in subsection (a)
publicly available, including on the agency’s website.

(c) REPORTS BY SECRETARY.—Not later than March
31 of each fiscal year, the Secretary shall submit to the
Committee on Education and Labor of the House of Rep-
resentatives and the Committee on Health, Education,
Labor and Pensions of the Senate, and make available on
the Department of Education’s website, a report on grants
made under this subtitle, including the information from
the reports described in subsection (b)(1).
SEC. 341. SPECIAL RULES.

Notwithstanding any other provision of this subtitle, none of the funds authorized by this subtitle may be—

(1) used to employ workers in violation of section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a); or

(2) distributed to a local educational agency that does not have a policy that requires a criminal background check on all employees of the agency.

SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.

The Secretary of Education, in consultation with the Secretary of Labor, shall work with recipients of funds under this subtitle to promote appropriate opportunities to gain employment experience working on modernization, renovation, repair, and construction projects funded under this subtitle for—

(1) participants in a YouthBuild program (as defined in section 173A of the Workforce Investment Act of 1998 (29 U.S.C. 2918a));

(2) individuals enrolled in the Job Corps program carried out under subtitle C of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2881 et seq.);

(3) individuals enrolled in a junior or community college (as defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1088(f))) certificate
or degree program relating to projects described in section 339(a); and

(4) participants in preapprenticeship programs that have direct linkages with apprenticeship programs that are registered with the Department of Labor or a State Apprenticeship Agency under the National Apprenticeship Act of 1937 (29 U.S.C. 50 et seq.).

SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PERFORMING PUBLIC SCHOOL FACILITIES.

(a) Establishment of Advisory Council.—The Secretary shall establish an advisory council to be known as the “Advisory Council on Green, High-Performing Public School Facilities” (in this section referred to as the “Advisory Council”) which shall be composed of—

(1) appropriate officials from the Department of Education;

(2) representatives of the academic, architectural, business, education, engineering, environmental, labor, and scientific communities; and

(3) such other representatives as the Secretary deems appropriate.

(b) Duties of Advisory Council.—
(1) **ADVISORY DUTIES.**—The Advisory Council shall advise the Secretary on the impact of green, high-performing schools, on—

(A) teaching and learning;

(B) health;

(C) energy costs;

(D) environmental impact; and

(E) other areas that the Secretary and the Advisory Council deem appropriate.

(2) **OTHER DUTIES.**—The Advisory Council shall assist the Secretary in—

(A) making recommendations on Federal policies to increase the number of green, high-performing schools;

(B) identifying Federal policies that are barriers to helping States and local educational agencies make green, high-performing schools;

(C) providing technical assistance and outreach to States and local educational agencies under section 339(d); and

(D) providing the Secretary such other assistance as the Secretary deems appropriate.

(c) **CONSULTATION.**—In carrying out its duties under subsection (b), the Advisory Council shall consult with the Chair of the Council on Environmental Quality and the...
heads of appropriate Federal agencies, including the Secretary of Commerce, the Secretary of Energy, the Secretary of Health and Human Services, the Secretary of Labor, the Administrator of the Environmental Protection Agency, and the Administrator of the General Services Administration (through the Office of Federal High-Performance Green Buildings).

SEC. 344. EDUCATION REGARDING PROJECTS.

A local educational agency receiving funds under this subtitle may encourage schools at which projects are undertaken with such funds to educate students about the project, including, as appropriate, the functioning of the project and its environmental, energy, sustainability, and other benefits.

SEC. 345. AVAILABILITY OF FUNDS.

(a) CHAPTER 1.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 1 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money in the Treasury not otherwise appropriated), $2,020,000,000 for each of fiscal years 2010 and 2011.

(b) CHAPTER 2.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 2 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money
in the Treasury not otherwise appropriated), $30,000,000 for each of fiscal years 2010 and 2011.

(c) Prohibition on Earmarks.—None of the funds appropriated under this section may be used for a Congressional earmark as defined in clause 9(d) of rule XXI of the Rules of the House of Representatives.

Subtitle B—Higher Education

SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COLLEGE MODERNIZATION AND CONSTRUCTION.

(a) In General.—

(1) Grant Program.—From the amounts made available under subsection (i), the Secretary shall award grants to States for the purposes of constructing new community college facilities and modernizing, renovating, and repairing existing community college facilities. Grants awarded under this section shall be used by a State for one or more of the following:

(A) To reduce financing costs of loans for new construction, modernization, renovation, or repair projects at community colleges (such as paying interest or points on such loans).

(B) To provide matching funds for a community college capital campaign to attract private donations of funds for new construction,
modernization, renovation, or repair projects at
the community college.

(C) To capitalize a revolving loan fund to
finance new construction, modernization, renova-
tion, and repair projects at community colleges.

(2) ALLOCATION.—

(A) DETERMINATION OF AVAILABLE
AMOUNT.—The Secretary shall determine the
amount available for allocation to each State by
determining the amount equal to the total num-
ber of students in the State who are enrolled in
community colleges and who are pursuing a de-
gree or certificate that is not a bachelor’s, mas-
ter’s, professional, or other advanced degree, rel-
ative to the total number of such students in all
States, combined.

(B) ALLOCATION.—The Secretary shall allo-
cate to each State selected by the Secretary to re-
ceive a grant under this section an amount equal
to the amount determined to be available for al-
location to such State under subparagraph (A),
less any portion of that amount that is subject
to a limitation under paragraph (3).

(C) REALLOCATION.—Amounts not allo-
cated under this section to a State because—
(i) the State did not submit an application under subsection (b);

(ii) the State submitted an application that the Secretary determined did not meet the requirements of such subsection; or

(iii) the State is subject to a limitation under paragraph (3) that prevents the State from using a portion of the allocation,

shall be proportionately reallocated under this paragraph to the States that are not described in clause (i), (ii), or (iii) of this subparagraph.

(3) **Grant Amount Limitations.**—A grant awarded to a State under this section—

(A) to reduce financing costs of loans for new construction, modernization, renovation, or repair projects at community colleges under paragraph (1)(A) shall be for an amount that is not more than 25 percent of the total principal amount of the loans for which financing costs are being reduced; and

(B) to provide matching funds for a community college capital campaign under paragraph (1)(B) shall be for an amount that is not more than 25 percent of the total amount of the private donations of funds raised through such
campaign over the duration of such campaign,
as such duration is determined by the State in
the application submitted under subsection (b).

(4) SUPPLEMENT, NOT SUPPLANT.—Funds made
available under this section shall be used to supple-
ment, and not supplant, other Federal, State, and
local funds that would otherwise be expended to con-
struct new community college facilities or modernize,
renovate, or repair existing community college facili-
ties.

(b) APPLICATION.—A State that desires to receive a
grant under this section shall submit an application to the
Secretary at such time, in such manner, and containing
such information and assurances as the Secretary may re-
quire. Such application shall include a certification by the
State that the funds provided under this section for the con-
struction of new community college facilities and the mod-
erization, renovation, and repair of existing community
college facilities will improve instruction at such colleges
and will improve the ability of such colleges to educate and
train students to meet the workforce needs of employers in
the State.

(c) USE OF FUNDS BY COMMUNITY COLLEGES.—

(1) PERMISSIBLE USES OF FUNDS.—Funds made
available to community colleges through a loan de-
scribed in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C) shall be used only for the construction, modernization, renovation, or repair of community college facilities that are primarily used for instruction, research, or student housing, which may include any of the following:

(A) Repair, replacement, or installation of roofs, including extensive, intensive, or semi-intensive green roofs, electrical wiring, water supply and plumbing systems, sewage systems, storm water runoff systems, lighting systems, building envelope, windows, ceilings, flooring, or doors, including security doors.

(B) Repair, replacement, or installation of heating, ventilation, or air conditioning systems, including insulation, and conducting indoor air quality assessments.

(C) Compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that ensure that the community college’s facilities are prepared for emergencies, such as improving build-
ing infrastructure to accommodate security measures and installing or upgrading technology to ensure that the community college is able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters.

(D) Retrofitting necessary to increase the energy efficiency of the community college’s facilities.


(F) Abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, or lead-based hazards, including lead-based paint hazards from the community college’s facilities.

(G) Modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water.

(H) Modernization, renovation, and repair relating to improving science and engineering laboratories, libraries, or instructional facilities.
(I) Installation or upgrading of educational technology infrastructure.

(J) Installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, solar-thermal and geothermal systems, and energy audits.

(K) Other modernization, renovation, or repair projects that are primarily for instruction, research, or student housing.

(L) Required environmental remediation related to modernization, renovation, or repair described in subparagraphs (A) through (K).

(2) GREEN SCHOOL REQUIREMENT.—A community college receiving assistance through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C) shall use not less than 50 percent of such assistance to carry out projects for construction, modernization, renovation, or repair that are certified, verified, or consistent with the applicable provisions of—

(A) the LEED Green Building Rating System;
(B) Energy Star;

(C) the CHPS Criteria, as applicable;

(D) Green Globes; or

(E) an equivalent program adopted by the State or the State higher education agency that includes a verifiable method to demonstrate compliance with such program.

(3) PROHIBITED USES OF FUNDS.—

(A) IN GENERAL.—No funds awarded under this section may be used for—

(i) payment of maintenance costs;

(ii) construction, modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; or

(iii) construction, modernization, renovation, or repair of facilities—

(I) used for sectarian instruction, religious worship, or a school or department of divinity; or

(II) in which a substantial portion of the functions of the facilities are subsumed in a religious mission.
(B) FOUR-YEAR INSTITUTIONS.—No funds awarded to a four-year public institution of higher education under this section may be used for any facility, service, or program of the institution that is not available to students who are pursuing a degree or certificate that is not a bachelor’s, master’s, professional, or other advanced degree.

(d) APPLICATION OF GEPA.—The grant program authorized in this section is an applicable program (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b). The Secretary shall, notwithstanding section 437 of such Act (20 U.S.C. 1232) and section 553 of title 5, United States Code, establish such program rules as may be necessary to implement such grant program by notice in the Federal Register.

(e) CONCURRENT FUNDING.—Funds made available under this section shall not be used to assist any community college that receives funding for the construction, modernization, renovation, and repair of facilities under any other program under this Act, the Higher Education Act of 1965, or the American Recovery and Reinvestment Act of 2009.
(f) Reports by the States.—Each State that receives a grant under this section shall, not later than September 30, 2012, and annually thereafter for each fiscal year in which the State expends funds received under this section, submit to the Secretary a report that includes—

(1) a description the projects for which the grant funding was, or will be, used;

(2) a list of the community colleges that have received, or will receive, assistance from the grant through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C); and

(3) a description of the amount and nature of the assistance provided to each such college.

(g) Report by the Secretary.—The Secretary shall submit to the authorizing committees (as defined in section 103 of the Higher Education Act of 1965) an annual report on the grants made under this section, including the information described in subsection (f).

(h) Definitions.—

(1) Community College.—As used in this section, the term “community college” means—
(A) a junior or community college, as such term is defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1085(f)); or

(B) a four-year public institution of higher education (as defined in section 101 of the Higher Education Act of 1965) that awards a significant number of degrees and certificates that are not—

(i) bachelor’s degrees (or an equivalent); or

(ii) master’s, professional, or other advanced degrees.

(2) CHPS CRITERIA.—The term “CHPS Criteria” means the green building rating program developed by the Collaborative for High Performance Schools.


(4) GREEN GLOBES.—The term “Green Globes” means the Green Building Initiative environmental design and rating system referred to as Green Globes.

(5) LEED GREEN BUILDING RATING SYSTEM.—The term “LEED Green Building Rating System”
means the United States Green Building Council Leadership in Energy and Environmental Design green building rating standard referred to as the LEED Green Building Rating System.

(6) SECRETARY.—The term “Secretary” means the Secretary of Education.

(7) STATE.—The term “State” has the meaning given such term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(i) AVAILABILITY OF FUNDS.—There are authorized to be appropriated, and there are appropriated, to carry out this section (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated), $2,500,000,000 for fiscal year 2011, which shall remain available until expended.

TITLE IV—EARLY LEARNING CHALLENGE FUND

SEC. 401. PURPOSE.

The purpose of this title is to provide grants on a competitive basis to States for the following:

(1) To promote standards reform of State early learning programs serving children from birth through age 5 in order to support the healthy development and improve the school readiness outcomes of young children.
(2) To establish a high standard of quality in early learning programs that integrates appropriate early learning and development standards across early learning settings.

(3) To fund and implement quality initiatives that improve the skills and effectiveness of early learning providers, and improve the quality of existing early learning programs, in order to increase the number of disadvantaged children who participate in comprehensive and high-quality early learning programs.

(4) To ensure that a greater number of disadvantaged children enter kindergarten with the cognitive, social, emotional, and physical skills and abilities needed to be successful in school.

(5) To increase parents’ abilities to access comprehensive and high-quality early learning programs across settings for their children.

SEC. 402. PROGRAMS AUTHORIZED.

(a) QUALITY PATHWAYS GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year to award grants on a competitive basis to States in accordance with section 403.

(b) DEVELOPMENT GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year
to award grants in accordance with section 404 on a competitive basis to States that demonstrate a commitment to establishing a system of early learning that will include the components described in section 403(c)(3) but are not—

(1) eligible to be awarded a grant under subsection (a); or

(2) are not awarded such a grant after application.

(c) Reservations of Federal Funds.—

(1) Research, Evaluation, and Administration.—From the amount made available to carry out this title for a fiscal year, the Secretary—

(A) shall reserve up to 2 percent jointly to administer this title with the Secretary of Health and Human Services; and

(B) shall reserve up to 3 percent to carry out activities under section 405.

(2) Tribal School Readiness Planning Demonstration.—After making the reservations under paragraph (1), the Secretary shall reserve 0.25 percent for a competitive grant program for Indian tribes to develop and implement school readiness plans that—
• are coordinated with local educational agencies serving children who are members of the tribe; and

• include American Indian and Alaska Native Head Start and Early Head Start programs, tribal child care programs, Indian Health Service programs, and other tribal programs serving children.

(3) QUALITY PATHWAYS GRANTS.—

(A) IN GENERAL.—From the amount made available to carry out this title for a fiscal year and not reserved under paragraph (1) or (2), the Secretary shall reserve a percent (which shall be not greater than 65 percent for fiscal years 2010 through 2012 and not greater than 85 percent for fiscal year 2013 and each succeeding fiscal year) determined under subparagraph (B) to carry out subsection (a).

(B) DETERMINATION OF AMOUNT.—In determining the amount to reserve under subparagraph (A), the Secretary, consistent with section 403(e), shall take into account the following:

(i) The total number of States determined by the Secretary to qualify for receipt of a grant under this title for the year.
(ii) The number of children under age 5 from low-income families in each State with an approved application under section 403 for the year.

(C) REALLOCATION.—For fiscal year 2013 and subsequent fiscal years, the Secretary may reallocate funds allocated for development grants under subsection (b) for the purpose of providing additional grants under subsection (a), if the Secretary determines that there is an insufficient number of applications that meet the requirements for a grant under subsection (b).

(d) STATE APPLICATIONS.—In applying for a grant under this title, a State—

(1) shall designate a State-level entity for administration of the grant;

(2) shall coordinate proposed activities with the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))) and shall incorporate plans and recommendations from such Council in the application, where applicable; and

(3) otherwise shall submit the application to the Secretary at such time, in such manner, and con-
taining such information as the Secretary may rea-
sonably require.

(e) Priority in Awarding Grants.—In awarding
grants under this title, the Secretary shall give priority to
States—

(1) whose applications contain assurances that
the State will use, in part, funds reserved under sec-
tion 658G of the Child Care and Development Block
Grant Act of 1990 (42 U.S.C. 9858e) for activities de-
scribed in section 403(f);

(2) that will commit to dedicating a significant
increase, in comparison to recent fiscal years, in
State expenditures on early learning programs and
services; and

(3) that demonstrate efforts to build public-priv-
ate partnerships designed to accomplish the purposes
of this title.

(f) Maintenance of Effort.—

(1) In general.—With respect to each period
for which a State is awarded a grant under this title,
the aggregate expenditures by the State and its polit-
ical subdivisions on early learning programs and
services shall be not less than the level of the expendi-
tures for such programs and services by the State and
its political subdivisions for fiscal year 2006.
(2) **STATE EXPENDITURES.**—For purposes of paragraph (1), expenditures by the State on early learning programs and services shall include, at a minimum, the following:

(A) State matching and maintenance of effort funds for the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

(B) State matching funds for the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))).

(C) State expenditures on public pre-kindergarten, Head Start (including Early Head Start), and other State early learning programs and services dedicated to children (including State expenditures under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.)).

(g) **PROHIBITIONS ON USE OF FUNDS.**—Funds under this title may not be used for any of the following:

(1) Assessments that provide rewards or sanctions for individual children or teachers.
(2) A single assessment used as the primary or sole method for assessing program effectiveness.

(3) Evaluating children other than for—

   (A) improving instruction or classroom environment;

   (B) targeting professional development;

   (C) determining the need for health, mental health, disability, or family support services;

   (D) informing the quality improvement process at the State level;

   (E) program evaluation for the purposes of program improvement and parent information;

or

   (F) research conducted as part of the national evaluation required by section 405(2).

(h) FEDERAL ADMINISTRATION.—

   (1) IN GENERAL.—With respect to this title, the Secretary shall bear responsibility for obligating and disbursing funds and ensuring compliance with applicable laws and administrative requirements, subject to paragraph (2).

   (2) INTERAGENCY AGREEMENT.—The Secretary of Education and the Secretary of Health and Human Services shall jointly administer this title on
such terms as such secretaries shall set forth in an
interagency agreement.

SEC. 403. QUALITY PATHWAYS GRANTS.

(a) Grant Period.—Grants under section 402(a)—

(1) may be awarded for a period not to exceed
5 years; and

(2) may be renewed, subject to approval by the
Secretary, and based on the State’s progress in—

(A) increasing the percentage of disadvantaged children in each age group (infants, toddlers, and preschoolers) who participate in high-quality early learning programs;

(B) increasing the number of high-quality early learning programs in low-income communities;

(C) implementing an early learning system that includes the components described in subsection (c)(3); and

(D) incorporating the findings and recommendations reported by the commission established under section 405(1) into the State system of early learning.

(b) Matching Requirement.—

(1) In general.—Subject to subsection (g), to be eligible to receive a grant under section 402(a), a
State shall contribute to the activities assisted under the grant non-Federal matching funds in an amount equal to not less than the applicable percent of the amount of the grant.

(2) Applicable Percent.—For purposes of paragraph (1), the applicable percent means—

(A) 10 percent in the first fiscal year of the grant;

(B) 10 percent in the second fiscal year of the grant;

(C) 15 percent in the third fiscal year of the grant; and

(D) 20 percent in the fourth fiscal year of the grant and subsequent fiscal years.

(3) Non-Federal Funds.—A State may use the following to satisfy the requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisition, construction, or improvement of early learning program facilities serving disadvantaged children.

(C) Technical assistance related to subparagraph (B).

(4) Private Contributions.—Private contributions made as part of public-private partnerships to
increase the number of low-income children in high-quality early learning programs in a State may be used by the State to satisfy the requirement of paragraph (1).

(5) **FINANCIAL HARDSHIP WAIVER.**—The Secretary may waive or reduce the non-Federal share of a State that has submitted an application for a grant under section 402(a) if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(c) **STATE APPLICATIONS.**—In order to be considered for a grant under section 402(a), a State's application under section 402(d) shall include the following:

(1) A description of how the State will use the grant to implement quality initiatives to improve early learning programs serving disadvantaged children from birth to age 5 to lead to a greater percentage of such children participating in higher quality early learning programs.

(2) A description of the goals and benchmarks the State will establish to lead to a greater percentage of disadvantaged children participating in higher quality early learning programs to improve school readiness outcomes, including an established baseline
of the number of disadvantaged children in high-quality early learning programs.

(3) A description of how the State will implement a governance structure and a system of early learning programs and services that includes the following components:

(A) Not later than 12 months after receiving notice of an award of the grant, complete State early learning and development standards that include social and emotional, cognitive, and physical development domains, and approaches to learning that are developmentally appropriate (including culturally and linguistically appropriate) for all children.

(B) A process to ensure that State early learning and development standards are integrated into the instructional and programmatic practices of early learning programs and services, including services provided to children under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.).

(C) A program rating system that builds on licensing requirements, as appropriate, and other State regulatory standards and that—
(i) is designed to improve quality and effectiveness across different types of early learning settings;

(ii) integrates evidence-based program quality standards that reflect standard levels of quality and has progressively higher levels of program quality;

(iii) integrates the State’s early learning and development standards for the purpose of improving instructional and programmatic practices;

(iv) addresses quality and effective inclusion of children with disabilities or developmental delays across different types of early learning settings;

(v) addresses staff qualifications and professional development;

(vi) provides financial incentives and other supports to help programs meet and sustain higher levels of quality;

(vii) includes mechanisms for evaluating how programs are meeting those standards and progressively higher levels of quality; and
(viii) includes a mechanism for public awareness and understanding of the program rating system, including rating levels of individual programs.

(D) A system of program review and monitoring that is designed to rate providers using the system described in subparagraph (C) and to assess and improve programmatic practices, instructional practices, and classroom environment.

(E) A process to support early learning programs integrating instructional and programmatic practices that—

   (i) include developmentally appropriate (including culturally and linguistically appropriate), ongoing, classroom-based instructional assessments for each domain of child development and learning (including social and emotional, cognitive, and physical development domains and approaches to learning) to guide and improve instructional practice, professional development of staff, and services; and

   (ii) are aligned with the curricula used in the early learning program and with the
State early learning and development standards or the Head Start Child Outcomes Framework (as described in the Head Start Act), as applicable.

(F) Minimum preservice early childhood development and education training requirements for providers in early learning programs.

(G) A comprehensive plan for supporting the professional preparation and the ongoing professional development of an effective, well-compensated early learning workforce, which plan includes training and education that is sustained, intensive, and classroom-focused and leads toward a credential or degree and is tied to improved compensation.

(H) An outreach strategy to promote understanding by parents and families of—

(i) how to support their child’s early development and learning;

(ii) the State’s program rating system, as described in subparagraph (C); and

(iii) the rating of the program in which their child is enrolled.

(I) A coordinated system to facilitate screening, referral, and provision of services re-
lated to health, mental health, disability, and family support for children participating in early learning programs.

(J) A process for evaluating school readiness in children that reflects all of the major domains of development, and that is used to guide practice and improve early learning programs.

(K) A coordinated data infrastructure that facilitates—

(i) uniform data collection about the quality of early learning programs, essential information about the children and families that participate in such programs, and the qualifications and compensation of the early learning workforce in such programs; and

(ii) alignment and interoperability between the data system for early learning programs for children and data systems for elementary and secondary education.

(4) A description of how the funds provided under the grant will be targeted to prioritize increasing the number and percentage of low-income children in high-quality early learning programs, including children—
(A) in each age group (infants, toddlers, and preschoolers);

(B) with developmental delays and disabilities;

(C) with limited English proficiency; and

(D) living in rural areas.

(5) An assurance that the grant will be used to improve the quality of early learning programs across a range of types of settings and providers of such programs.

(6) A description of the steps the State will take to make progress toward including all center-based child care programs, family child care programs, State-funded prekindergarten, Head Start programs, and other early learning programs, such as those funded under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) or receiving funds under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.) in the State program rating system described in paragraph (3)(C).

(7) An assurance that the State, not later than 18 months after receiving notice of an award of the grant, will conduct an analysis of the alignment of
the State’s early learning and development standards with—

(A) appropriate academic content standards for grades kindergarten through 3; and

(B) elements of program quality standards for early learning programs.

(8) An assurance that the grant will be used only to supplement, and not to supplant, Federal, State, and local funds otherwise available to support existing early learning programs and services.

(9) A description of any disparity by age group (infants, toddlers, and preschoolers) of available high-quality early learning programs in low-income communities and the steps the State will take to decrease such disparity, if applicable.

(10) A description of how the State early learning and development standards will address the needs of children with limited English proficiency, including by incorporating benchmarks related to English language development.

(11) A description of how the State’s professional development plan will prepare the early learning workforce to support the early learning needs of children with limited English proficiency.
(12) A description of how the State will improve interagency collaboration and coordinate the purposes of this title with the activities funded under—

(A) section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e);

(B) section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

(C) title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.);

(D) State-funded pre-kindergarten programs (where applicable);

(E) Head Start programs; and

(F) other early childhood programs and services.

(13) A description of how the State’s early learning policies, including child care policies, facilitate access to high-quality early learning programs for children from low-income families.

(14) An assurance that the State will continue to participate in part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.) for the duration of the grant.
(d) **Criteria Used in Awarding Grants.**—In awarding grants under section 402(a), the Secretary shall evaluate the applications, and award grants under such section on a competitive basis, based on—

1. the quality of the application submitted pursuant to section 402(d);
2. the priority factors described in section 402(e);
3. evidence of significant progress in establishing a system of early learning for children that includes the components described in subsection (c)(3); and
4. the State’s capacity to fully complete implementation of such a system.

(e) **Criterion Used in Determining Amount of Award.**—In determining the amount to award a State under section 402(a), the Secretary shall take into account—

1. the proportion of children under age 5 from low-income families in the State relative to such proportion in other States; and
2. the State plan and capacity to implement the criteria described in paragraphs (3) and (4) of subsection (d).

(f) **State Uses of Funds.**—
(1) IN GENERAL.—A State receiving a grant under section 402(a) shall use the grant as follows:

(A) Not less than 65 percent of the grant amount shall be used for two or more of the following activities to improve the quality of early learning programs serving disadvantaged children:

(i) Initiatives that improve the credentials of early learning providers and are tied to increased compensation.

(ii) Initiatives that help early learning programs meet and sustain higher program quality standards, such as—

(I) improving the ratio of early learning provider to children in early learning settings;

(II) reducing group size;

(III) improving the qualifications of early learning providers; and

(IV) supporting effective education and training for early learning providers.

(iii) Implementing classroom observation assessments and data-driven decisions (which may include implementation of a re-
search-based prevention and intervention
framework designed to build social com-
petence and prevent challenging behaviors)
tied to activities that improve instructional
practices, programmatic practices, or class-
room environment and promote school read-
iness.

(iv) Providing financial incentives to
early learning programs—

(I) for undertaking quality im-
provements that promote healthy devel-
opment and school readiness; and

(II) maintaining quality im-
provements that promote healthy devel-
opment and school readiness.

(v) Integrating State early learning
and development standards into instruc-
tional and programmatic practices in early
learning programs.

(vi) Providing high-quality, sustained,
intensive, and classroom-focused profes-
sional development that improves the knowl-
edge and skills of early learning providers,
including professional development related
to meeting the needs of diverse populations.
(vii) Building the capacity of early learning programs and communities to promote the understanding of parents and families of the State’s early learning system and the rating of the program in which their child is enrolled and to encourage the active involvement and engagement of parents and families in the learning and development of their children.

(viii) Building the capacity of early learning programs and communities to facilitate screening, referral, and provision of services related to health, mental health, disability, and family support for children participating in early learning programs.

(ix) Other innovative activities, proposed by the State and approved in advance by the Secretary that are—

(I) based on successful practices;

(II) designed to improve the quality of early learning programs and services; and

(III) advance the system components described in subsection (c)(3).
(B) The remainder of the grant amount may be used for one or more of the following:

(i) Implementation or enhancement of the State’s data system described in subsection (c)(3)(K), including interoperability across agencies serving children, and unique child and program identifiers.

(ii) Enhancement of the State’s oversight system for early learning programs, including the implementation of a program rating system.

(iii) The development and implementation of measures of school readiness of children that reflect all of the major domains of child development and that inform the quality improvement process.

(2) PRIORITY.—A State receiving a grant under section 402(a) shall use the grant so as to prioritize improving the quality of early learning programs serving children from low-income families.

(g) SPECIAL RULE.—

(1) IN GENERAL.—Beginning with the second fiscal year of a grant under section 402(a), a State with respect to which the Secretary certifies that the State has made sufficient progress in implementing the re-
requirements of the grant may apply to the Secretary to reserve up to 25 percent of the amount of the grant to expand access for children from low-income families to the highest quality early learning programs that offer full-day services, except that the State must agree to contribute for such purpose non-Federal matching funds in an amount equal to not less than 20 percent of the amount reserved under this subsection. One-half of such non-Federal matching funds may be provided by a private entity.

(2) Non-Federal Funds.—A State may use the following to satisfy the matching requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisition, construction, or improvement of early learning program facilities serving disadvantaged children.

(C) Technical assistance related to subparagraph (B).

(3) Financial Hardship Waiver.—The Secretary may waive or reduce the non-Federal share of a State under paragraph (1) if the State demonstrates a need for such waiver or reduction due to
extreme financial hardship, as defined by the Secretary by regulation.

(h) IMPROVEMENT PLAN.—If the Secretary determines that a State receiving a grant under section 402(a) is encountering barriers to reaching goals described in subsection (c)(2), the State shall develop a plan for improvement in consultation with, and subject to approval by, the Secretary.

SEC. 404. DEVELOPMENT GRANTS.

(a) GRANT PERIOD.—Grants under section 402(b) may be awarded for a period not to exceed 3 years, and may not be renewed.

(b) STATE USES OF FUNDS.—

(1) IN GENERAL.—A State receiving a grant under section 402(b) shall use the grant to undertake activities to develop the early learning system components described in section 403(c)(3) and that will allow a State to become eligible and competitive for a grant described in section 402(a).

(2) PRIORITY.—A State receiving a grant under section 402(b) shall use the grant so as to prioritize improving the quality of early learning programs serving low-income children.

(c) MATCHING REQUIREMENT.—
(1) **IN GENERAL.**—To be eligible to receive a
grant under section 402(b), a State shall contribute to
the activities assisted under the grant non-Federal
matching funds in an amount equal to not less than
the applicable percent of the amount of the grant.

(2) **APPLICABLE PERCENT.**—For purposes of
paragraph (1), the applicable percent means—

(A) 20 percent in the first fiscal year of the
grant;

(B) 25 percent in the second fiscal year of
the grant; and

(C) 30 percent in the third fiscal year of the
grant.

(3) **NON-FEDERAL FUNDS.**—A State may use the
following to satisfy the requirement of paragraph (1):

(A) Cash.

(B) In-kind contributions for the acquisi-
tion, construction, or improvement of early
learning program facilities serving disadvan-
taged children.

(C) Technical assistance related to subpara-
graph (B).

(4) **PRIVATE CONTRIBUTIONS.**—Private contribu-
tions made as part of public-private partnerships to
increase the number of low-income children in high-
quality early learning programs in a State may be
used by the State to satisfy the requirement of para-
graph (1).

(5) **FINANCIAL HARDSHIP WAIVER.**—The Sec-

cretary may waive or reduce the non-Federal share of
a State that has submitted an application for a grant
under section 402(b) if the State demonstrates a need
for such waiver or reduction due to extreme financial
hardship, as defined by the Secretary by regulation.

SEC. 405. RESEARCH AND EVALUATION.

From funds reserved under section 402(c)(1), the Sec-
retary of Education and the Secretary of Health and
Human Services, acting jointly, shall carry out the fol-
lowing activities:

(1) Establishing a national commission whose
duties shall include—

(A) reviewing the status of State and Fed-
eral early learning program quality standards
and early learning and development standards;

(B) recommending benchmarks for program
quality standards and early learning and devel-
opment standards, including taking into consid-
eration the school readiness needs of children
with limited English proficiency; and
(C) reporting to the Secretaries of Education and Health and Human Services not later than 2 years after the date of the enactment of this Act on the commission’s findings and recommendations.

(2) Conducting a national evaluation of the grants made under this title through the Institute of Education Science in collaboration with the appropriate research divisions within the Department of Health and Human Services.

(3) Supporting a research collaborative among the Institute of Education Sciences, the National Institute of Child Health and Human Development, the Office of Planning, Research, and Evaluation within the Administration for Children and Families in the Department of Health and Human Services, and, as appropriate, other Federal entities to support research on early learning that can inform improved State and other standards and licensing requirements and improved child outcomes, which collaborative shall—

(A) biennially prepare and publish for public comment a detailed research plan;

(B) support early learning research activities that could include determining—
(i) the characteristics of early learning programs that produce positive developmental outcomes for children;

(ii) the effects of program quality standards on child outcomes;

(iii) the relationships between specific interventions and types of child and family outcomes;

(iv) the effectiveness of early learning provider training in raising program quality and improving child outcomes;

(v) the effectiveness of professional development strategies in raising program quality and improving child outcomes; and

(vi) how to improve the school readiness outcomes of children with limited English proficiency, special needs, and homeless children, including evaluation of professional development programs for working with such children; and

(C) disseminate relevant research findings and best practices.

(4) Evaluating barriers to improving the quality of early learning programs serving low-income children, including evaluating barriers to successful
interagency collaboration and coordination, by conducting a review of the statewide strategic reports developed by the State Advisory Councils on Early Care and Education and other relevant reports, reporting the findings of such review to Congress, and disseminating relevant research findings and best practices.

SEC. 406. REPORTING REQUIREMENTS.

(a) REPORTS TO CONGRESS.—For each year in which funding is provided under this title, the Secretary shall submit an annual report to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate on the activities carried out under this title, including, at a minimum, information on the following:

(1) The activities undertaken by States to increase the availability of high-quality early learning programs.

(2) The number of children in high-quality early learning programs, and the change from the prior year, disaggregated by State, age, and race.

(3) The number of early learning providers enrolled, with assistance from funds under this title, in a program to obtain a credential or degree in early childhood education and the settings in which such providers work.
(4) A summary of State progress in implementing a system of early learning with the components described in section 403(c)(3).

(5) A summary of the research activities being conducted under section 405 and the findings of such research.

(b) REPORTS TO SECRETARY.—Each State that receives a grant under this title shall submit to the Secretary an annual report that includes, at a minimum, information on the activities carried out by the State under this title, including the following:

(1) The progress on fully implementing and integrating into a system of early learning each of the components described in section 403(c)(3).

(2) The State’s progress in meeting its goals for increasing the number of disadvantaged children participating in high-quality early learning programs, disaggregated by child age.

(3) The number and percentage of disadvantaged children participating in early learning programs at each level of quality, disaggregated by race, family income, child age, disability, and limited English proficiency status.

(4) The number of providers participating in the State quality rating system, disaggregated by setting,
rating, and the number of high-quality providers available in low-income communities.

(5) Information on how the funds provided under this title were used to increase the availability of high-quality early learning programs for each age group, disaggregated by race and limited English proficient status, to the maximum extent practicable.

(6) Information on professional development and training expenditures, including—

(A) the number of early learning providers engaged in such activities; and

(B) the number of early learning providers enrolled in programs to obtain a credential or degree in early childhood education, disaggregated by the type of credential and degree.

(7) The change in the number and percentage of early learning providers with appropriate credentials or degrees in early childhood education, including the change in compensation given to such providers, in comparison to the prior fiscal year, disaggregated by early learning setting and the type of credential or degree.

(8) In the case of a State receiving a grant under section 402(a), the percentage of children re-
ceiving assistance under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) who participate in the highest quality early learning programs, disaggregated by program setting and child age.

(9) Barriers to expanding access to high-quality early learning programs for disadvantaged children.

SEC. 407. CONSTRUCTION.

Nothing in this title—

(1) shall be construed to require a child to participate in an early learning program; or

(2) shall be used to deny entry to kindergarten for any individual if the individual is legally eligible, as defined by State or local law.

SEC. 408. DEFINITIONS.

For purposes of this title:

(1) CHILD.—The term “child” refers to an individual from birth through the day the individual enters kindergarten.

(2) DISADVANTAGED.—The term “disadvantaged”, when used with respect to a child, means a child whose family income is described in section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).
(3) **INDIAN TRIBE.**—The term “Indian tribe” has the meaning given such term in section 637 of the

(4) **LIMITED ENGLISH PROFICIENT.**—The term “limited English proficient” has the meaning given such term in section 637 of the Head Start Act (42 U.S.C. 9832).

(5) **SECRETARY.**—The term “Secretary” means the Secretary of Education.

(6) **STATE.**—The term “State” has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

**SEC. 409. AVAILABILITY OF FUNDS.**

There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts appropriated to carry out this title and out of any money in the Treasury not otherwise appropriated) $1,000,000,000 for each of fiscal years 2010 through 2017.

**TITLE V—AMERICAN GRADUATION INITIATIVE**

**SEC. 501. AUTHORIZATION AND APPROPRIATION.**

(a) **AUTHORIZATION AND APPROPRIATION.**—There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts
appropriated to carry out this title and out of any money
in the Treasury not otherwise appropriated), $730,000,000
for each of the fiscal years 2010 through 2013, and
$680,000,000 for each of the fiscal years 2014 through 2019.

(b) ALLOCATIONS.—Of the amount appropriated
under subsection (a)—

(1) $630,000,000 shall be made available for each
of the fiscal years 2010 through 2013 to carry out sec-
section 503;

(2) $630,000,000 shall be made available for each
of the fiscal years 2014 through 2019 to carry out sec-
section 504;

(3) $50,000,000 shall be made available for each
of the fiscal years 2010 through 2019 to carry out
subsection (a) of section 505; and

(4) $50,000,000 shall be made available for each
of the fiscal years 2010 through 2013 to carry out
subsections (b) and (c) of section 505.

(c) RESPONSIBILITY.—

(1) IN GENERAL.—With respect to sections 503
and 504, the Secretary of Education shall bear the re-
sponsibility for obligating and disbursing funds under
such sections and ensuring compliance with applica-
ble law and administrative requirements, subject to
paragraph (2).
(2) *INTERAGENCY AGREEMENT.*—The Secretary of Education and the Secretary of Labor shall jointly administer sections 503 and 504 on such terms as such Secretaries shall set forth in an interagency agreement.

**SEC. 502. DEFINITIONS; GRANT PRIORITY.**

(a) *DEFINITIONS.*—In this title:

(1) **AREA CAREER AND TECHNICAL EDUCATION SCHOOL.**—The term “area career and technical education school” has the meaning given such term in section 3 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2302).

(2) **COMMUNITY COLLEGE.**—The term “community college” means a public institution of higher education at which the highest degree that is predominantly awarded to students is an associate’s degree.

(3) **ELIGIBLE ENTITY.**—The term “eligible entity” means—

(A) a community college or community college district;

(B) an area career and technical education school;

(C) a public four-year institution of higher education that—

(i) offers two-year degrees;
(ii) will use funds provided under this section for activities at the certificate and associate degree levels; and

(iii) is not reasonably close, as determined by the Secretary, to a community college;

(D) a public four-year institution of higher education that is in partnership with an eligible entity described in subparagraph (A), (B), or (C);

(E) a State that—

(i) is in compliance with section 137 of the Higher Education Act of 1965 (20 U.S.C. 1015f);

(ii) has an articulation agreement pursuant to section 486A of such Act (20 U.S.C. 1093a); and

(iii) is in partnership with an eligible entity described in subparagraph (A), (B), (C), or (D); or

(F) a consortium of at least 2 entities described in subparagraphs (A) through (E).

(4) INDUSTRY OR SECTOR PARTNERSHIP.—The term “industry or sector partnership” has the mean-
ing given such term in section 782(f) of the Higher Education Act of 1965.

(5) **INSTITUTION OF HIGHER EDUCATION.**—The term “institution of higher education” has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(6) **PHILANTHROPIC ORGANIZATION.**—The term “philanthropic organization” has the meaning given such term in section 781(i) of the Higher Education Act of 1965 (20 U.S.C. 1141(i)).

(7) **SECRETARY.**—The term “Secretary” means the Secretary of Education.

(8) **STATE.**—The term “State” has the meaning given such term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(9) **STATE PUBLIC EMPLOYMENT SERVICE.**—The term “State public employment service” refers to a State public employment service established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(10) **STATE WORKFORCE INVESTMENT BOARD; LOCAL WORKFORCE INVESTMENT BOARD.**—The terms “State workforce investment board” and “local workforce investment board” refer to a State workforce investment board established under section 111 of the Workforce Investment Act (29 U.S.C. 2821) and a
local workforce investment board established under section 117 of such Act (29 U.S.C. 2832), respectively.

(11) SUPPORTIVE SERVICES.—The term “supportive services” has the meaning given such term in section 101(46) of the Workforce Investment Act of 1998 (29 U.S.C. 2801(46)).

(b) GRANT PRIORITY.—In addition to any grant priorities established under any other provision of this title, the Secretary, in awarding grants under this title, shall give priority to applications focused on serving low-income, nontraditional students who do not have a bachelor’s degree, and who have one or more of the following characteristics:

(1) Are the first generation in their family to attend college.

(2) Have delayed enrollment in college.

(3) Have dependents.

(4) Are independent students.

(5) Work at least 25 hours per week.

(6) Are out-of-school youth without a high school diploma.

SEC. 503. GRANTS TO ELIGIBLE ENTITIES FOR COMMUNITY COLLEGE REFORM.

(a) PROGRAM AUTHORIZATION.—

(1) GRANTS AUTHORIZED.—
(A) In general.—Subject to paragraph (2), from the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible entities, on a competitive basis, to establish and support programs described in subparagraph (B) at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3).

(B) Programs.—The programs to be established and supported with grants under subparagraph (A) (and carried out through activities described in subsection (f)) shall be programs—

(i) that are—

(I) innovative programs; or

(II) programs of demonstrated effectiveness, based on the evaluations of similar programs funded by the Department of Education or the Department of Labor, or other research of similar programs; and

(ii) that lead to the completion of a postsecondary degree, certificate, or industry-recognized credential leading to a skilled occupation in a high-demand industry.
(2) LIMITATION.—For each fiscal year for which funds are appropriated to carry out this section, the aggregate amount of the grants awarded to eligible entities that are States, or consortia that include a State, shall be not more than 50 percent of the total amount appropriated under section 501(b)(1) for such fiscal year.

(3) PROHIBITION.—The Secretary shall not award a grant to an eligible entity for the same activities that are being supported by other Federal funds.

(b) GRANT DURATION AND AMOUNT.—

(1) DURATION.—A grant under this section shall be awarded to an eligible entity for a 4-year period, except that if the Secretary determines that the eligible entity has not made demonstrable progress in achieving the benchmarks developed pursuant to subsection (g) by the end of the third year of such grant period, no further grant funds shall be made available to the entity after the date of such determination.

(2) AMOUNT.—The minimum amount of a total grant award under this section over the 4-year period of the award shall be $750,000.

(c) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to eligible entities that—
(1) enter into partnerships with—

(A) philanthropic or research organizations with expertise in meeting the goals of this section;

(B) businesses or industry or sector partnerships that—

(i) design and implement programs described in subsection (a)(1)(B);

(ii) pay a portion of the costs of such programs; and

(iii) agree to collaborate with one or more eligible entities to hire individuals who have completed a particular postsecondary degree, certificate, or credential program; or

(C) labor organizations that provide technical expertise for occupationally specific education necessary for an industry-recognized credential leading to a skilled occupation in a high-demand industry; or

(2) are institutions of higher education eligible for assistance under title III or V of the Higher Education Act of 1965, or consortia that include such an institution.
(d) **Federal and Non-Federal Share; Supplement, Not Supplant.**—

(1) **Federal share.**—The amount of the Federal share under this section for a fiscal year shall be not greater than $\frac{1}{2}$ of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant.

(2) **Non-Federal share.**—

(A) **In general.**—The amount of the non-Federal share under this section for a fiscal year shall be not less than $\frac{1}{2}$ of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant.

The non-Federal share may be in cash or in kind, and may be provided from State resources, local resources, contributions from private organizations, or a combination thereof.

(B) **Financial hardship waiver.**—The Secretary may waive or reduce the non-Federal share of an eligible entity that has submitted an application under this section if the entity demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.
(3) Supplement, not supplant.—The Federal and non-Federal shares required by this section shall be used to supplement, and not supplant, State and private resources that would otherwise be expended to establish and support programs described in subsection (a)(1)(B) at eligible entities.

(e) Application.—An eligible entity seeking to receive a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall describe the programs under subsection (a)(1)(B) that the eligible entity will carry out using the grant funds, (including the programs, services, and policies under subsection (f)), including—

(1) the goals of such programs, services, and policies;

(2) how the eligible entity will allocate grant funds for such programs, services, and policies;

(3) how such programs, services, and policies, and the resources of the eligible entity, will enable the eligible entity to meet the benchmarks developed pursuant to subsection (g), and how the eligible entity will track and report the entity’s progress in reaching such benchmarks;
(4) how the eligible entity will use such programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes;

(5) how the eligible entity will serve high-need populations through such programs, services, and policies;

(6) how the eligible entity will partner with industry or sector partnerships in the State, the State public employment service, and State or local workforce investment boards in carrying out such programs, services, and policies;

(7) an assurance that the eligible entity will share information with the Learning and Earning Research Center established under section 505(b), once such Center is established;

(8) an assurance that the eligible entity will participate in the evaluation of such programs, services, and policies under subsection (i); and

(9) the potential for such programs, services, and policies to be replicated at other institutions of higher education.

(f) USES OF FUNDS.—An eligible entity receiving a grant under this section shall use the grant funds to carry
out the programs described in subsection (a)(1)(B), which shall include at least 2 of the following activities:

(1) Developing and implementing policies and programs to expand opportunities for students at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3) to earn bachelor’s degrees by—

(A) facilitating the transfer of academic credits between institutions of higher education, including the transfer of academic credits for courses in the same field of study; and

(B) expanding articulation agreements and guaranteed transfer agreements between such institutions, including through common course numbering and general core curriculum.

(2) Expanding, enhancing, or creating academic programs or training programs, which shall be carried out with industry or sector partnerships or in partnership with employers and may include other relevant partners, that provide relevant job-skill training (including apprenticeships and worksite learning and training opportunities) for skilled occupations in high-demand industries.

(3) Providing student support services, including—
(A) intensive career and academic advising;
(B) labor market information and job counseling; and
(C) transitional job support, supportive services, or assistance in connecting students with community resources.

(4) Creating workforce programs that provide a sequence of education and occupational training that leads to industry-recognized credentials, including programs that—

(A) blend basic skills and occupational training that lead to industry-recognized credentials;
(B) integrate developmental education curricula and instruction with for-credit coursework toward degree or certificate pathways; or
(C) advance individuals on a career path toward high-wage occupations in high-demand industries.

(5) Building or enhancing linkages, including the development of dual enrollment programs and early college high schools, between—

(A) secondary education or adult education programs (including programs established under the Carl D. Perkins Career and Technical Edu-
cation Act of 2006 and title II of the Workforce Investment Act of 1998 (29 U.S.C. 9201 et seq.)); and

(B) eligible entities described in subparagraphs (A) through (D) of section 502(a)(3).

(6) Implementing other innovative programs, services, and policies designed to—

(A) increase postsecondary degree, certificate, and industry-recognized credential completion rates, particularly with respect to groups underrepresented in higher education, at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3); and

(B) increase the provision of training for students to enter skilled occupations in high-demand industries.

(7) Improving the timeliness of the process for creating degree, certificate, and industry-recognized credential programs at eligible entities described in subparagraphs (A) through (D) of section 502(a)(3) that—

(A) reflect and respond to regional labor market developments and trends;

(B) effectively address the workforce needs of employers in the State; and
(C) are designed in consultation with such employers.

(g) BENCHMARKS.—

(1) In General.—Each eligible entity receiving a grant under this section shall develop quantifiable benchmarks on the following indicators (where applicable), to be approved by the Secretary:

(A) Closing gaps in enrollment and completion rates for—

(i) groups underrepresented in higher education; and

(ii) groups of students enrolled at the eligible entity (or at an institution of higher education under the jurisdiction of the eligible entity, in the case of an entity that is not an institution) who have the lowest enrollment and completion rates.

(B) Addressing local and regional workforce needs.

(C) Establishing articulation agreements between two-year and four-year public institutions of higher education within a State.

(D) Improving comprehensive employment and educational outcomes for postsecondary education and training programs, including—
(i) student persistence from one academic year to the following academic year;

(ii) the number of credits students earn toward a certificate or an associate’s degree;

(iii) the number of students in developmental education courses who subsequently enroll in credit bearing coursework;

(iv) transfer of general education credits between institutions of higher education, as applicable;

(v) completion of industry-recognized credentials or associate’s degrees to work in skilled occupations in high-demand industries;

(vi) transfers to four-year institutions of higher education; and

(vii) job placement related to skills training or associate’s degree completion.

(2) REPORT.—The eligible entity receiving such a grant shall annually measure and report to the Secretary the progress of the entity in achieving the benchmarks developed pursuant to paragraph (1).

(h) PROVISION OF TRANSFER OF CREDIT INFORMATION IN COMMUNITY COLLEGE COURSE SCHEDULES.—To the maximum extent practicable, each community college
receiving a grant under this section shall include in each electronic and printed publication of the college’s course schedule, in a manner of the college’s choosing, for each course listed in the college’s course schedule, whether such course is transferable for credit toward the completion of a 4-year baccalaureate degree at a public institution of higher education in the State in which the college is located.

(i) EVALUATION.—The Secretary shall allocate not more than two percent of the funds appropriated under section 501(b)(1) to the Institute of Education Sciences to conduct evaluations, ending not later than January 30, 2014, that—

(1) assess the effectiveness of the grant programs carried out by each eligible entity receiving such a grant in—

(A) improving postsecondary education completion rates (disaggregated by age, race, ethnicity, sex, income, and disability);

(B) improving employment-related outcomes for students served by such programs;

(C) serving high-need populations; and

(D) building or enhancing working partnerships with the State public employment service or State or local workforce investment boards; and
(2) include any other information or assessments the Secretary may require.

(j) REPORT.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives an annual report on grants awarded under this section, including—

(1) the amount awarded to each eligible entity under this section;

(2) a description of the activities conducted by each eligible entity receiving a grant under this section; and

(3) a summary of the results of the evaluations submitted to the Secretary under subsection (i) and the progress each eligible entity made toward achieving the benchmarks developed under subsection (g).

SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY COLLEGE PROGRAMS.

(a) Program Authorization.—From the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible States, on a competitive basis, to implement the systematic reform of community colleges located in the State by carrying out programs, services, and policies that dem-
onstrated effectiveness under the evaluation described in sec-

tion 503(i).

(b) ELIGIBLE STATE.—In this section, the term “eligi-
ble State” means a State that demonstrates to the Secretary
in the application submitted pursuant to subsection (e) that
the State—

(1) has a plan under section 782 of the Higher
Education Act of 1965 to increase the State’s rate of
persistence in and completion of postsecondary edu-
cation that takes into consideration and involves com-
community colleges located in such State;

(2) has a statewide longitudinal data system
that includes data with respect to community colleges;

(3) has an articulation agreement pursuant to
section 486A of the Higher Education Act of 1965 (20
U.S.C. 1093a);

(4) is in compliance with section 137 of such Act
(20 U.S.C. 1015f); and

(5) meets any other requirements the Secretary
may require.

(c) GRANT DURATION; RENEWAL.—A grant awarded
under this section shall be awarded to an eligible State for
a 6-year period, except that if the Secretary determines that
the eligible State has not made demonstrable progress in
achieving the benchmarks developed pursuant to subsection
(g) by the end of the third year of the grant period, no fur-
ther grant funds shall be made available to the entity after
the date of such determination.

(d) Federal and Non-Federal Share; Supple-
ment, Not Supplant.—

(1) Federal Share.—The amount of the Fed-
eral share under this section for a fiscal year shall be
not greater than \( \frac{1}{2} \) of the costs of the reform described
in subsection (f) that is carried out with the grant.

(2) Non-Federal Share.—

(A) In general.—The amount of the Non-
Federal share under this section for a fiscal year
shall be not less than \( \frac{1}{2} \) of the costs of the reform
described in subsection (f) that is carried out
with the grant. The non-Federal share may be in
cash or in kind, and may be provided from State
resources, local resources, contributions from pri-
vate organizations, or a combination thereof.

(B) Financial hardship waiver.—The
Secretary may waive or reduce the non-Federal
share of an eligible State that has submitted an
application under this section if the State dem-
onstrates a need for such waiver or reduction due
to extreme financial hardship, as defined by the
Secretary by regulation.
(3) Supplement, not supplant.—The Federal
and non-Federal share required by this section shall
be used to supplement, and not supplant, State and
private resources that would otherwise be expended to
carry out the systematic reform of community colleges
in a State.

(e) Application.—An eligible State desiring to receive
a grant under this section shall submit to the Secretary an
application at such time, in such manner, and containing
such information as the Secretary may require. Such appli-
cation shall describe the programs, service, and policies to
be used by the State to achieve the systematic reform de-
scribed in subsection (f), including—

(1) the goals of such programs, services, and
policies;

(2) how the State will allocate grant funds to
carry out such programs, services, and policies, in-
cluding identifying any State or private entity that
will administer such programs, services, and policies;

(3) how such programs, services, and policies
will enable the State to—

(A) meet the benchmarks developed pursu-
ant to subsection (g), and how the State will
track and report the State’s progress in reaching
such benchmarks; and
(B) benefit students attending all community colleges within the State;

(4) how the State will use such programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes;

(5) how the State will serve high-need populations through such programs, services, and policies;

(6) how the State will partner with the State public employment service and State or local workforce investment boards in carrying out such programs, services, and policies;

(7) how the State will evaluate such programs, services, and policies, which may include participation in national evaluations; and

(8) how the State will involve community colleges and community college faculty in the planning, implementation, and evaluation of such programs, services, and policies.

(f) USES OF FUNDS.—An eligible State receiving a grant under this section shall use the grant funds to implement the systematic reform of community colleges located in the State by carrying out programs, services, and policies that the Secretary has determined to have demonstrated effectiveness based on the results of the evaluation described
in section 503(i). States shall allocate not less than 90 percent of such grant funds to community colleges within the State.

(g) **BENCHMARKS.**—

(1) **IN GENERAL.**—Each eligible State receiving a grant under this section shall, in consultation with the Secretary, develop quantifiable benchmarks on the indicators identified in section 503(f)(1).

(2) **PROGRESS.**—An eligible State receiving such a grant shall annually measure and report to the Secretary progress in achieving the benchmarks developed pursuant to paragraph (1).

(h) **REPORT.**—

(1) **REPORTS TO THE SECRETARY.**—Each eligible State receiving a grant under this section shall annually submit to the Secretary and the Secretary of Labor a report on such grant, including—

(A) a description of the systematic reform carried out by the State using such grant; and

(B) the outcome of such reform, including the State’s progress in achieving the benchmarks developed under subsection (g).

(2) **REPORTS TO CONGRESS.**—Not later than 6 months after the end of the grant period, the Secretary shall submit to the Committee on Health, Edu-
cation, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives a summary of the reports submitted under paragraph (1) with respect to such grant period.

(i) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) community colleges play an important role in preparing and training students seeking to enter the workforce;

(2) it is vital that all States have access to the resources and assistance needed to compete for grants authorized under this section; and

(3) in executing the grant program authorized under this section, the Secretary will make available any and all assistance, guidance, and support to States seeking to compete for grants authorized under this section and will work to ensure that such grants are distributed in a fair and equitable manner.

SEC. 505. NATIONAL ACTIVITIES.

(a) OPEN ONLINE EDUCATION.—From the amount appropriated to carry out this section, the Secretary is authorized to make competitive grants to, or enter into contracts with, institutions of higher education, philanthropic organizations, and other appropriate entities to develop, evalu-
ate, and disseminate freely-available high-quality online training, high school courses, and postsecondary education courses. Entities receiving funds under this subsection shall ensure that electronic and information technology activities meet the access standards established under section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d).

(b) LEARNING AND EARNING RESEARCH CENTER.—

(1) IN GENERAL.—From the amount appropriated to carry out this section, the Director of the Institute of Education Sciences is authorized to award a grant to, or enter into a contract with, an organization with demonstrated expertise in the research and evaluation of community colleges to establish and operate the Learning and Earning Research Center (in this section referred to as the “Center”).

(2) GRANT TERM.—The grant or contract awarded under this section shall be awarded for a period of not more than 4 years.

(3) BOARD.—The Center shall have an independent advisory board of 9 individuals who—

(A) are appointed by the Secretary, based on recommendations from the organization receiving the grant or contract under this section; and

(B) who have demonstrated expertise in—
(i) data collection;

(ii) data analysis; and

(iii) econometrics, postsecondary education, and workforce development research.

(4) CENTER ACTIVITIES.—The Center shall—

(A) develop—

(i) peer-reviewed metrics to help consumers make sound education and training choices, and to help students, workers, schools, businesses, researchers, and policy-makers assess the effectiveness of community colleges, and courses of study at such colleges, in meeting education and employment objectives and serving groups that are underrepresented in postsecondary education;

(ii) common metrics and data elements to measure the education and employment outcomes of students attending community colleges;

(B) coordinate with the Institute of Education Sciences and States receiving a grant under subsection (c) to develop—

(i) standardized data elements, definitions, and data-sharing protocols to make it
possible for data systems related to postsecond-
ary education to be linked and interoperable, and for best practices to be shared
among States;

(ii) standards and processes for facilitating sharing of data in a manner that
safeguards student privacy; and

(C) develop and make widely available ma-
terials analyzing best practices and research on
successful postsecondary education and training
efforts;

(D) make the data and metrics developed
pursuant to subparagraph (A) available to the
public in a transparent, user-friendly format
that is accessible to individuals with disabilities;
and

(E) consult with representatives from States
with respect to the activities of the Center.

c STATE SYSTEMS.—

(1) IN GENERAL.—From the amount appro-
priated to carry out this section, the Secretary is au-

thorized to award grants to States or consortia of
States to establish cooperative agreements to develop,
implement, and expand interoperable statewide longi-
tudinal data systems that—
(A) collect, maintain, disaggregate (by institution, income, race, ethnicity, sex, disability, and age), and analyze student data from community colleges, including data on the programs of study and education and employment outcomes for particular students, tracked over time; and

(B) can be linked to other data systems, as applicable, including elementary and secondary education and workforce data systems.

(2) SUPPLEMENT, NOT SUPPLANT.—Funds appropriated to carry out this subsection shall be used to supplement, and not supplant, other Federal and State resources that would otherwise be expended to carry out statewide longitudinal data systems, including funding appropriated for State Longitudinal Data Systems in the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 115).

(3) PRIVACY AND ACCESS TO DATA.—

(A) IN GENERAL.—Each State or consortia that receives a grant under this subsection or any other provision of this Act shall implement measures to—
(i) ensure that the statewide longitudinal data system under this subsection and any other data system the State or consortia is operating for the purposes of this Act meet the requirements of section 444 of the General Education Provisions Act (20 U.S.C. 1232g) (commonly known as the “Family Educational Rights and Privacy Act of 1974”);

(ii) limit the use of information in any such data system by governmental agencies in the State, including State agencies, State educational authorities, local educational agencies, community colleges, and institutions of higher education, to education and workforce related activities under this Act or education and workforce related activities otherwise permitted by Federal or State law;

(iii) prohibit the disclosure of personally identifiable information except as permitted under section 444 of the General Education Provisions Act and any additional limitations set forth in State law;
(iv) keep an accurate accounting of the date, nature, and purpose of each disclosure of personally identifiable information in any such data system, a description of the information disclosed, and the name and address of the person, agency, institution, or entity to whom the disclosure is made, which accounting shall be made available on request to parents of any student whose information has been disclosed;

(v) notwithstanding section 444 of the General Education Provisions Act, require any non-governmental party obtaining personally identifiable information to sign a data use agreement prior to disclosure that—

(I) prohibits the party from further disclosing the information;

(II) prohibits the party from using the information for any purpose other than the purpose specified in the agreement; and

(III) requires the party to destroy the information when the purpose for
which the disclosure was made is accomplished;

(vi) maintain adequate security measures to ensure the confidentiality and integrity of any such data system, such as protecting a student record from identification by a unique identifier;

(vii) where rights are provided to parents under this clause, provide those rights to the student instead of the parent if the student has reached the age of 18 or is enrolled in a postsecondary educational institution; and

(viii) ensure adequate enforcement of the requirements of this paragraph.

(B) USE OF UNIQUE IDENTIFIERS.—It shall be unlawful for any Federal, State, or local governmental agency to—

(i) use the unique identifiers employed in such data systems for any purpose other than as authorized by Federal or State law;

or

(ii) deny any individual any right, benefit, or privilege provided by law because
of such individual’s refusal to disclose the individual’s unique identifier.

(d) REPORT.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives an annual report on the amounts awarded to entities receiving grants or contracts under this section, and the activities carried out by such entities under such grants and contracts.
A BILL

To amend the Higher Education Act of 1965, and for other purposes.

JULY 27, 2009

Reported with an amendment, commended to the Com-
and ordered to be printed.

H. R. 3221

[Report No. 111-232]